

10/6/77 [2]

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FORM OF DOCUMENT	CORRESPONDENTS OR TITLE	DATE	RESTRICTION
memo w/ att.	From Brzezinski to The President (3 pp.) re: Meeting With Harry Oppenheimer/enclosed in Hutcheson to Brzezinski 10/6/77	10/5/77	A
memo	From McIntyre to The President (11 pp.) re: International Air Transportation Negotiations 1 enclosed in Hutcheson to Lipshutz et al 10/6/77	9/15/77	A

FILE LOCATION

Carter Presidential Papers- Staff Offices, Office of the Staff Sec.- Pres. Hand-writing File 10/6/77 [2] BOX 53

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THE WHITE HOUSE
WASHINGTON

October 6, 1977

The Vice President

The attached was returned in
the President's outbox. It is
forwarded to you for appropriate
handling.

Rick Hutcheson

RE: LETTER FROM HOWARD BUCKNELL, III
ON INTERVIEW WITH DR. GROSSE

THE WHITE HOUSE
WASHINGTON

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	LANCE
	SCHULTZE

	ENROLLED BILL
	AGENCY REPORT
	CAB DECISION
	EXECUTIVE ORDER
	Comments due to Carp/Huron within 48 hours; due to Staff Secretary next day

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	H. CARTER
	CLOUGH
	FALLOWS
	FIRST LADY
	HARDEN
	HUTCHESON
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	KING

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	PETTIGREW
	POSTON
	PRESS
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	SCHNEIDERS
	STRAUSS
	VOORDE
	WARREN

THE PRESIDENT HAS SEEN.
MERSHON CENTER

Programs of Research and Education in Leadership and Public Policy
The Ohio State University
1712 Neil Avenue
Columbus, Ohio 43210

*Fritz - Stan
Check on this
J*

Richard C. Snyder, Director
Charles F. Hermann, Associate Director

October 3, 1977

Phone: 614-422-9701

James E. Carter
President of the United States
The White House
Washington, D. C.

**Electrostatic Copy Made
for Preservation Purposes**

Dear Jimmy:

I think that you or one of your senior staff should briefly interview Dr. Aristid Grosse, President, Germantown Laboratories, Philadelphia (215 - VI8-8600/215 - MI2-7985) quite soon. He has information that could be very useful or, in the wrong domestic political channels, very embarrassing. I do not believe, however, that he intends to "go public." His Republican friends, however, might not have his compunctions.

Grosse, as a result of an earlier request by Truman, attempted to inform Eisenhower that the Soviet Union was developing a Sputnik. He could not gain entree. Eisenhower was advised that, "the Navy had the problem well in hand." They did not. You know the rest.

Grosse, now in his seventies, is a distinguished chemical engineer, scientist, and inventor. He remains very active. He has never forgotten the Sputnik affair and "what could have been done." He now predicts concentrated planning for a massive sabotage effort in the Persian Gulf area to halt world-wide oil shipments when it would hurt the most. He has specialized information and specific counter-measures in mind. I've written about this to Stan Turner. No reaction to my knowledge. No one has contacted Grosse. He grows increasingly restive.

]

President James E. Carter

-2-

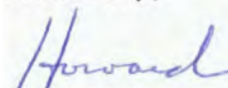
October 3, 1977

New subject. Shale oil again. Your letter of June 10, 1977 refers. The water question in Colorado, Utah, and Wyoming. I am beginning to get a handle on this. The engineers of the companies involved all claim "no problem for 50 years." But so far no factual data. I am going to take on a part-time consulting job with Occidental Petroleum which has the technological lead in this area. My first recommendation will be that the details of the water question be plainly laid out.

I think the situation is rapidly building towards the point where you are going to need a substantial new domestic liquid fuel supply to control oil prices, moderate the balance of payments deficit, and curb inflation for our own good and the health of the OECD. Shale oil may well be the answer. A significant national security impact is also involved. Just as it costs less to save a barrel of oil than to produce it, it costs less to produce what is needed at home than to "protect" what is shipped from abroad. I know, however, that you can't "back a loser"; will keep you informed.

Warm personal regards to you and Rosalynn.

Sincerely,

A handwritten signature in blue ink, appearing to read "Howard", is written over a light blue rectangular background.

Howard Bucknell III, Ph.D.

HB:aft

THE WHITE HOUSE
WASHINGTON

Today has
my

THE PRESIDENT HAS SEEN.

THE CHAIRMAN OF THE
COUNCIL OF ECONOMIC ADVISERS
WASHINGTON

*Today -
milk if
J*

October 6, 1977

MEMORANDUM FOR THE PRESIDENT

FROM: Charlie Schultze C L S

Subject: Employment and Unemployment in September

The Bureau of Labor Statistics will release on Friday (October 7) at 9:00 a.m. the figures on employment and unemployment in September. The news is relatively good. Unemployment declined by two-tenths to 6.9 percent, and total employment rose by 324,000.

The decline in unemployment occurred entirely among blacks -- whose overall unemployment rate dropped to 13.1 percent from 14.5 percent in August. (The white unemployment rate was unchanged at 6.1 percent). This should not be interpreted as a fundamental improvement in the employment situation for blacks, however. It merely means that the August rise in black unemployment was a statistical aberration that was reversed in September.

The September figures indicate a strengthening of labor demand. Employment rose strongly in sectors other than manufacturing -- for example, in trade and services. However, manufacturing employment increased only a little, and with the length of the workweek still declining, aggregate manhours worked in manufacturing fell somewhat farther. It seems a reasonable bet that industrial production increased a little last month, perhaps enough to erase the August decline. These statistics suggest that the slow pace of economic activity of the past four months may be coming to an end, but there is no indication yet of a strong snapback.

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THE WHITE HOUSE
WASHINGTON

October 6, 1977

Jody Powell

The attached was returned in
the President's outbox. It is
forwarded to you for appropriate
handling.

- Rick Hutcheson

cc: Tim Kraft

INTERVIEW WITH SAUL PETT

THE WHITE HOUSE
WASHINGTON

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	SCHULTZE

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	SCHNEIDERS
	STRAUSS
	VOORDE
	WARREN

THE WHITE HOUSE
WASHINGTON

MR. PRESIDENT:

THERE IS TIME FOR A HALF-HOUR
TOMORROW AFTERNOON , AFTER DIPLOMATIC
CREDENTIALS CEREMONIES, IF YOU WANT
TO DO IT. NEXT WEEK IS CROWDED.

TK

TK

THE PRESIDENT HAS SEEN.

THE WHITE HOUSE

WASHINGTON

September 28, 1977

MEMORANDUM TO THE PRESIDENT

FROM: Jody Powell *JPP*

Saul Pett, the top feature writer for the Associated Press, has requested an interview with you.

Pett, who did a long and very favorable piece off a New Jersey car interview with you in the campaign, requests a relaxed style of Jimmy Carter, mood of Jimmy Carter sort of interview with you. He has done similar interviews with the past few Presidents.

The piece would use not only your comments but ones from the staff and family to do what they hope will be a well-rounded view of you. Pett has already had an interview with Rosalynn which Mary Hoyt thought went extraordinarily well.

If you agree with the idea, it would be helpful if it could be done next week, though it could slide past then. I would like your permission to set up with Tim an interview of no less than 30 minutes, and hopefully 45 minutes.

- ☒ Approve idea
☐ Disapprove
- ☒ Approve and will do 30 minutes
☐ Approve and will do 45 minutes

J

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THE WHITE HOUSE
WASHINGTON
October 6, 1977

Stu Eizenstat
Charles Schultze

The attached was returned in
the President's outbox. It is
forwarded to you for appropriate
handling.

 Rick Hutcheson
cc: The Vice President
 Hamilton Jordan
 Frank Moore
 Jack Watson
 Jim McIntyre
 Bunny Mitchell

RE: NEGOTIATIONS ON THE HUMPHREY
 HAWKINS BILL

THE WHITE HOUSE
WASHINGTON

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	/	LANCE <i>sm</i>
/		SCHULTZE

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THE PRESIDENT HAS SEEN.
THE WHITE HOUSE
WASHINGTON

Stu
J

October 6, 1977

MEMORANDUM FOR: THE PRESIDENT
FROM: STU EIZENSTAT
CHARLIE SCHULTZE
SUBJECT: Negotiations on the
Humphrey-Hawkins Bill

Stu

Agreement has been reached with the sponsors of the Humphrey-Hawkins bill on nearly all points. However, agreement has not been reached in three areas, two of which are crucial:

1. Specification of a 4 percent goal for unemployment, and the timetable for achieving it;
2. Maintaining the President's flexibility to modify the targets for employment and unemployment if inflation threatens.
3. Labor Standards provisions in Section 402

Our negotiations with the principals yesterday indicated clearly that they would yield on the second point if agreement is reached on the first. The sponsors are very anxious to arrive at an agreement on the first point. They claim that agreement on all other sections would mean little to their constituents if we cannot agree on a timetable for reaching a 4 percent unemployment rate.

This memorandum outlines the areas of agreement within the bill, and then sets forth the nature of the disagreement and options for its possible resolution.

Areas of Agreement

- Each year, the President is required to submit in his Economic Report short-term numerical goals for employment, production, and real income for two calendar years, and to set forth in general terms the policies he recommends to achieve those goals.

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- Each Economic Report must also submit comparable medium-term goals for the three subsequent years, and specify the budgetary policies consistent with these goals. The first Report after enactment of the bill (the 1979 Report if the bill is enacted next year) must include a 4-3/4 percent goal for the unemployment rate for 1981. This is already part of the Administration's publicly stated goals. In 1980 and every year thereafter, the President is allowed to modify these medium-term goals.
- In Title III, the Congress is tied in with the goal-setting process through detailed procedures that require annual adoption by the Congress of its own economic goals (which may or may not agree with that of the President) in a separate concurrent resolution. These procedures involve assignment of principal jurisdiction in this area to the Joint Economic Committee. Senators Muskie and Bellmon have written to you about their concern with these procedures. They believe that a separate vote on economic goals, not tied directly to the budget, would lead to irresponsible and highly political posturing. They also believe probably with justification that this will lead to a duplicative situation with a concurrent budget resolution and a separate concurrent economic resolution. We have taken no position on Title III, believing this is a matter for Congress to sort-out itself. However it would clearly be desirable for the resolutions to proceed in a coordinated way, so that nothing is done contrary to the budget resolution. The Muskie-Bellmon letter is attached.
- The Federal Reserve is also tied into the goal-setting process by requiring it to report to the Congress on how its intended policies relate to the short-term goals set forth in the Economic Report. The bill provides the President an opportunity to make recommendation to the Congress on monetary policy if he chooses, but does not require him to do so.
- The bill still provides for "last-resort" public service jobs, but essentially leaves it to the President's discretion; requirements for establishing them are hedged and qualified to the point that they are virtually without force. These jobs are defined as expansion of CETA programs or other existing employment or training projects or any new programs recommended by the President that are authorized by the Congress. The bill does not

provide new authorization for new or expanded jobs programs.

- The detailed economic planning language has been stripped from the bill. The first Economic Report after enactment of the bill, but only the first, will have to include a long and detailed analysis of national priority policies and programs for full employment and balanced growth. Also, there is still a lengthy section dealing with structural programs and policies, (such as youth employment and urban development), but the President is given flexibility to propose what he wants in those areas.

Areas of Disagreement

- Maintaining flexibility to deal with inflation. The original bill had language which prevented any weakening of the goal for reducing unemployment in the interests of controlling inflation. The sponsors have since proposed language that is acceptable to us, but they may withdraw this concession if we cannot agree on the 4 percent numerical goal and a timetable to achieve it. We have insisted that the President must retain the flexibility to postpone the achievement of employment and unemployment objectives if that is necessary to keep the inflation rate from worsening.
- The 4 percent numerical goal. The sponsors of Humphrey-Hawkins want to go beyond the 4-3/4 percent medium-term goal for unemployment mentioned above, and set an objective of 4 percent within either 4 or 5 years after the submission of the first Economic Report under the bill (i.e., 1982 or 1983). We believe that such a reduction in unemployment may not be feasible without creating serious inflationary problems, and we have resisted this provision strongly. (The Secretary of Labor believes that we can achieve a 4 percent rate of unemployment without inflationary consequences by around 1984.) We have indicated that the Administration could probably live with a 4 percent goal if no timetable were attached. Thus we have proposed language which would include a 1981 goal of 3-3/4 percent for Americans over age 20 and 4-3/4 percent overall and 3 3/4% "as rapidly as practicable thereafter". They

-4-

have insisted, just as strongly, that the 4 percent goal without a timetable is unsatisfactory. The disagreement on this problem may at first glance appear to be trivial. The sponsors of the bill, however, seem to regard giving up a 4 percent goal with a timetable as a sacrifice of a basic principle that is unacceptable to their constituents. From the standpoint of our own moderate to conservative constituents, we too, must be careful. We cannot afford to support a bill that appears to set economic objectives so ambitious that efforts to achieve them would be very likely to generate much stronger inflationary pressures.

Since the bill no longer authorizes new programs the Labor Standards language in Section 402 is without force. They wish to keep them at Labor's request. We could agree to disagree on this matter.

We are trying to work out compromise language, and that may prove to be feasible. At this point, however, we need guidance from you on several issues.

1. Do you concur with our acceptance of a legislated target unemployment rate of 4-3/4 percent for 1981? (Note that you could modify this target in 1980.)

Yes ✓

No _____

2. Beyond the 4-3/4 percent target for 1981, we have proposed to them a 4 percent numerical goal "as soon as practicable." They regard this as completely unsatisfactory. Are any of the following alternatives acceptable to you?

- A. Setting a 4 percent goal as soon as practicable after 1981, but stating a "sense of Congress" that the goal should be practicable by 1982.

Yes _____

No _____

- B. Setting a goal of 4 percent "to be achieved by 1981 or as soon thereafter as practicable."

Yes _____

No _____

*Covered
in
meeting
10/6/77*

- C. Provide that the President, by January 1981 or before, must set a 4 percent goal for sometime in the subsequent five years.

Yes _____

No _____

- D. Setting a 4 percent target for a fixed date, as late as possible, with a strong statement that you will exercise your options to modify that goal if it proves unattainable.

Yes _____

No _____

3. On the procedures set forth in the bill for Congressional review and adoption of economic goals:

- A. Continue to remain silent on the grounds that it is a matter internal to the Congress

Yes _____ ✓

No _____

- B. Ask that the Economic goals and Budget Resolutions be considered concurrently.

Yes _____ ✓

No _____

Rather than give you a recommendation in writing at this point, we would like to talk with you about these options.

THE WHITE HOUSE
WASHINGTON

October 6, 1977

Stu Eizenstat

The attached was returned in
the President's outbox. It is
forwarded to you for appropriate
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Rick Hutcheson

cc: The Vice President
Hamilton Jordan
Frank Moore

RE: HUMPHREY-HAWKINS/POLITICAL
CONSIDERATIONS

THE WHITE HOUSE
WASHINGTON

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	WARREN

THE PRESIDENT HAS SEEN.

THE WHITE HOUSE

WASHINGTON

October 6, 1977

MEMORANDUM FOR:

THE PRESIDENT

FROM:

STU EIZENSTAT

SUBJECT:

Humphrey-Hawkins/
Political Considerations

The politics of the Humphrey-Hawkins bill, as always, is highly charged. The business community will undoubtedly blast us for endorsing the bill, even though the bill is a great improvement over earlier versions. Moreover, it is fair to say there is not a great amount of sympathy for the legislation outside the black community and the very liberal element of the Democratic Party. Also, the term "Humphrey-Hawkins Bill" has taken on a dynamic of its own and can be seen as a code word for excessive spending.

On the other hand, most of the elements of the bill really are at this point acceptable. The more warmly we can endorse the bill and with the fewer caveats, the more we will solidify our relationship with the Black Caucus and the black community, as well as the liberal community. There is some reason to think that even though we may agree on all elements of the bill, refusal on our part to agree to any timetable for the achievement of the 4 percent goal would leave us open to the charge that we had gutted the legislation. This is especially so since the Caucus is willing to let us later change the goal.

It is also probably accurate to say that the business community may not be appeased by a refusal on our part to set a timetable for achieving 4 percent, since for them endorsement of the bill at all is a red flag.

All of this is to simply say that before we make a final decision on the few remaining outstanding points between our position and that of the sponsors, we should take a good hard look at the politics of a complete endorsement, a partial endorsement or no endorsement at all. I think Ham, the Vice President, Frank and others should be in on this judgement.

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THE WHITE HOUSE
WASHINGTON

October 6, 1977

The Vice President
Stu Eizenstat
Hamilton Jordan

The attached was returned in
the President's outbox. It is
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Rick Hutcheson

RE: FINANCE COMMITTEE DECISIONS

THE WHITE HOUSE
WASHINGTON

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THE PRESIDENT HAS SEEN.

THE WHITE HOUSE

WASHINGTON

To the President

F.S.I.

October 6, 1977
12:30 p.m.

C

MEMORANDUM TO: FRANK MOORE
FROM: DAN TATE

The Finance Committee reached the following decisions:

1. Not to adopt Chairman Long's proposal that a stripped-down bill be reported to and passed by the Senate so that the major compromise work could be done in conference.
2. Adopted a motion by Senator Matsunaga to attempt to write a bill which will meet the President's energy goals only through tax reductions.
(9 years to 3 days)
 - a. A motion by Senator Talmadge to provide a \$3 per barrel tax credit for shale oil production.
(14 years to 1 day)
3. To strip the President of his power to impose fees on imported oil.
(10 years to 6 days)

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THE WHITE HOUSE
WASHINGTON

October 6, 1977

Jack Watson

The attached was returned in
the President's outbox. It is
forwarded to you for appropriate
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Rick Hutcheson

RE: NIOSH CENTER IN NEW YORK
CITY

Tel: 566-5090

THE PRESIDENT HAS SEEN.

413-77

*Jack
Stalins?
J*

For Release:

Tuesday, August 23, 1977, A.M.'s

Mayor Abraham D. Beame today urged the Department of Health, Education and Welfare to locate a planned 3,000-job occupational safety and health research facility in the City of New York.

In a letter to HEW Secretary Joseph A. Califano, Jr., the Mayor noted that six sites offered by the City best meet the site criteria established by the department for the main research facility of the National Institute for Occupational Safety and Health (NIOSH). The City is among a number of metropolitan areas across the country now being evaluated by a special HEW site selection team. No timetable for the final site selection has been announced.

Reviewing the advantages of a New York City location for the NIOSH Center, Mayor Beame noted:

"The City of New York is the hometown for an unmatched concentration of medical schools, teaching hospitals, engineering schools, professional societies, and related institutions.

"The metropolitan area also has no equal as a laboratory for the National Institute's work program. It offers a full range of harbor and transportation activities. The City is a richly varied manufacturing center, with everything from high technology electronics to garment manufacturing. Over \$3 billion in public construction alone is now underway or approved, ranging from new underground subway lines and a major highway to new sewage treatment plants and public buildings."

The City's Office of Economic Development, the Department of City Planning and the Public Development Corporation have mounted a coordinated campaign to bring the NIOSH center here since the City was advised in March, 1977, that New York was under consideration as a possible site for the \$60 million project.

Site selection specialists from HEW were shown six New York sites by the City's development specialists earlier this year. The sites are:

(more)

- College Point, Queens, Industrial Park (City-owned)
- Staten Island Industrial Park (City-owned)
- Spring Creek Urban Renewal Area (City-owned)
- GTE site, Queens (former General Telephone and Electric facility, private)
- Fort Totten, Queens (former Job Corps site, Federal)
- Brooklyn Army Base/Military Ocean Terminal (inactive portion, Federal)

The Mayor noted that the City had assembled the six-site package even though it had less than a week's notice of HEW's interest before the deadline for applying to accomodate the NIOSH center. He explained that, should New York be chosen, the City would work closely with HEW and the local community in reviewing the specific design and operating plans for the facility.

All the sites are vacant and could be developed rapidly without relocation. All six sites exceed the NIOSH center criteria for access to transportation, housing and utility services, and proximity to health research and engineering institutions.

Mayor Beame has directed Deputy Mayor for Economic Development Osborn Elliott and City Planning Commission Chairman Victor Marrero to provide whatever additional information HEW may need in completing its site selection review.

#



THE CITY OF NEW YORK
OFFICE OF THE MAYOR
NEW YORK, N.Y. 10007

August 19, 1977

The Honorable Joseph A. Califano, Jr.
Secretary
Department of Health, Education and
Welfare
NEW Building, North
330 Independence Avenue, S.W.
Washington, D.C. 20201

Dear Secretary Califano:

I am writing to urge the selection of the City of New York as the site for the main research facility of the National Institute for Occupational Safety and Health. The City of New York is among the possible locations for this new facility now being considered by the Department of Health, Education and Welfare's Center for Disease Control.

The proposed City sites meet the objective criteria set forth for an ideal site more fully than any other location. Moreover, the location of this major federal facility in New York City will help to rectify the economic damage done to this City by the closing of major military facilities such as the Brooklyn Navy Yard and the Brooklyn Army Terminal.

The Department's consultants on the site study, Bryant and Bryant, have been shown several excellent sites of proper size and topography by the City's development specialists. These sites are in good physical environments within minutes of New York City's major airports and with ready access to good residential areas.

In addition, of course, the City of New York is the hometown for an unmatched concentration of medical schools, teaching hospitals, engineering schools, professional societies, and related institutions.

The honorable Joseph A. Califano, Jr.

Page 2

August 19, 1977

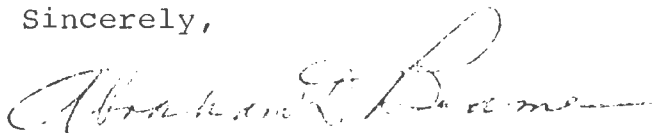
The metropolitan area also has no equal as a laboratory for the National Institute's work program. It offers a full range of harbor and transportation activities. The City is a richly varied manufacturing center, with everything from high technology electronics to garment manufacturing. Over \$3 billion in public construction alone is now underway or approved, ranging from new underground subway lines and a major highway to new sewage treatment plants and public buildings.

These advantages of resources and location alone warrant New York City's selection as the NIOSH site. Moreover, this siting decision also offers an appropriate means through which the federal government can ameliorate some of the damage done to the City's economy through the past closing of military facilities and the scheduled phasing down of other military activities in the City of New York.

The City's presentation to your Department's representatives -- including on-site visits -- demonstrates that each of the six sites we have offered fully meets NIOSH's site selection criteria. I am attaching some of the materials made available to HEW's site selection team. Should your staff require any additional information about the City, they should not hesitate to contact Deputy Mayor for Economic Development Osborn Elliott.

I appreciate your Department's interest in our City as the site for this important facility. A New York City location would strengthen the Institute's capabilities greatly, and New Yorkers would welcome its establishment here.

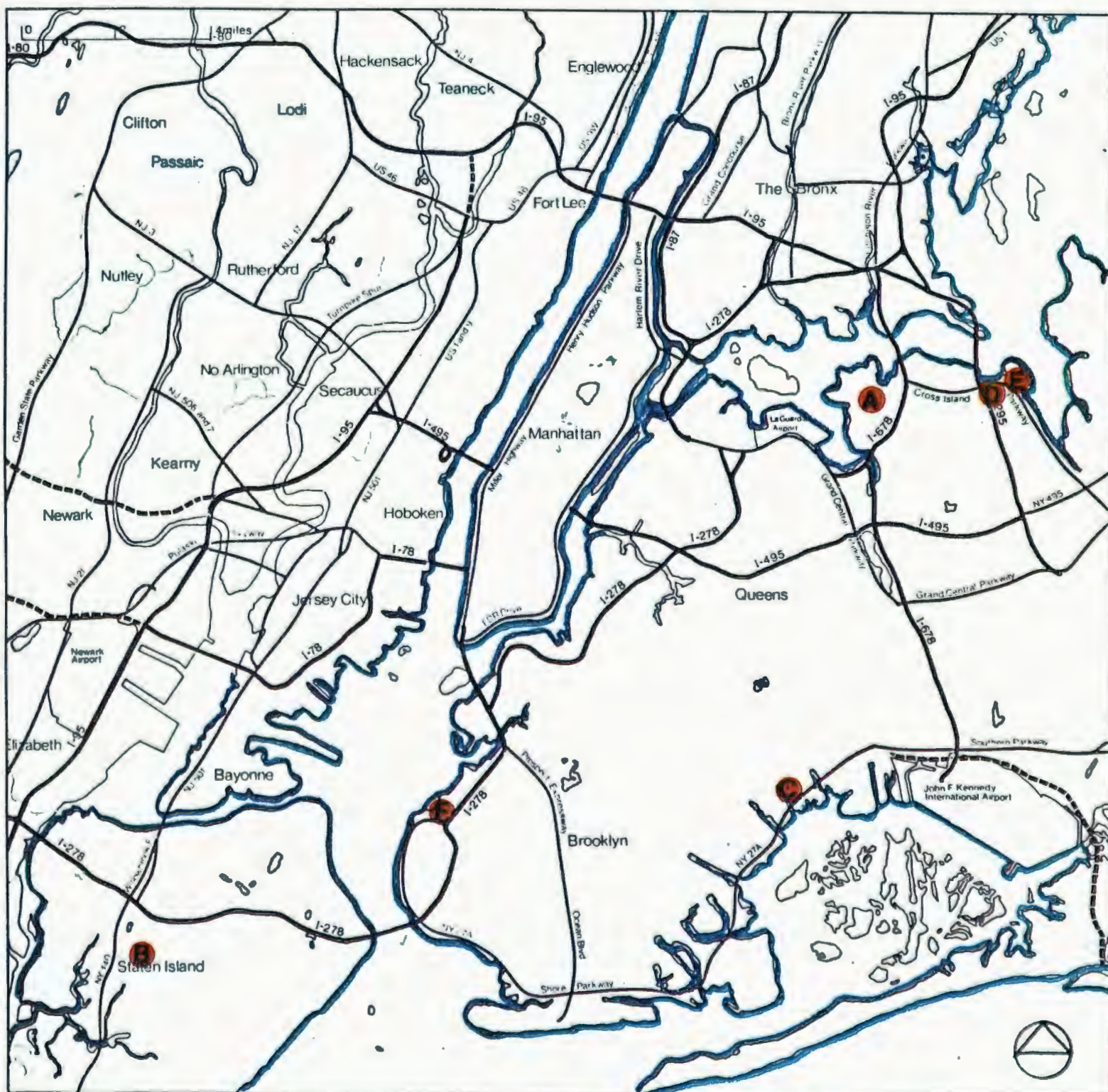
Sincerely,



Abraham D. Beame

M A Y O R

NIOSH - Proposed Locations



- A. College Point Industrial Park
B. Staten Island Industrial Park
C. Spring Creek Industrial Renewal Area

- D. G.T.E. Site
E. Ft. Totten
F. Brooklyn Army Base

Site A- COLLEGE POINT INDUSTRIAL
PARK AREA--QUEENS

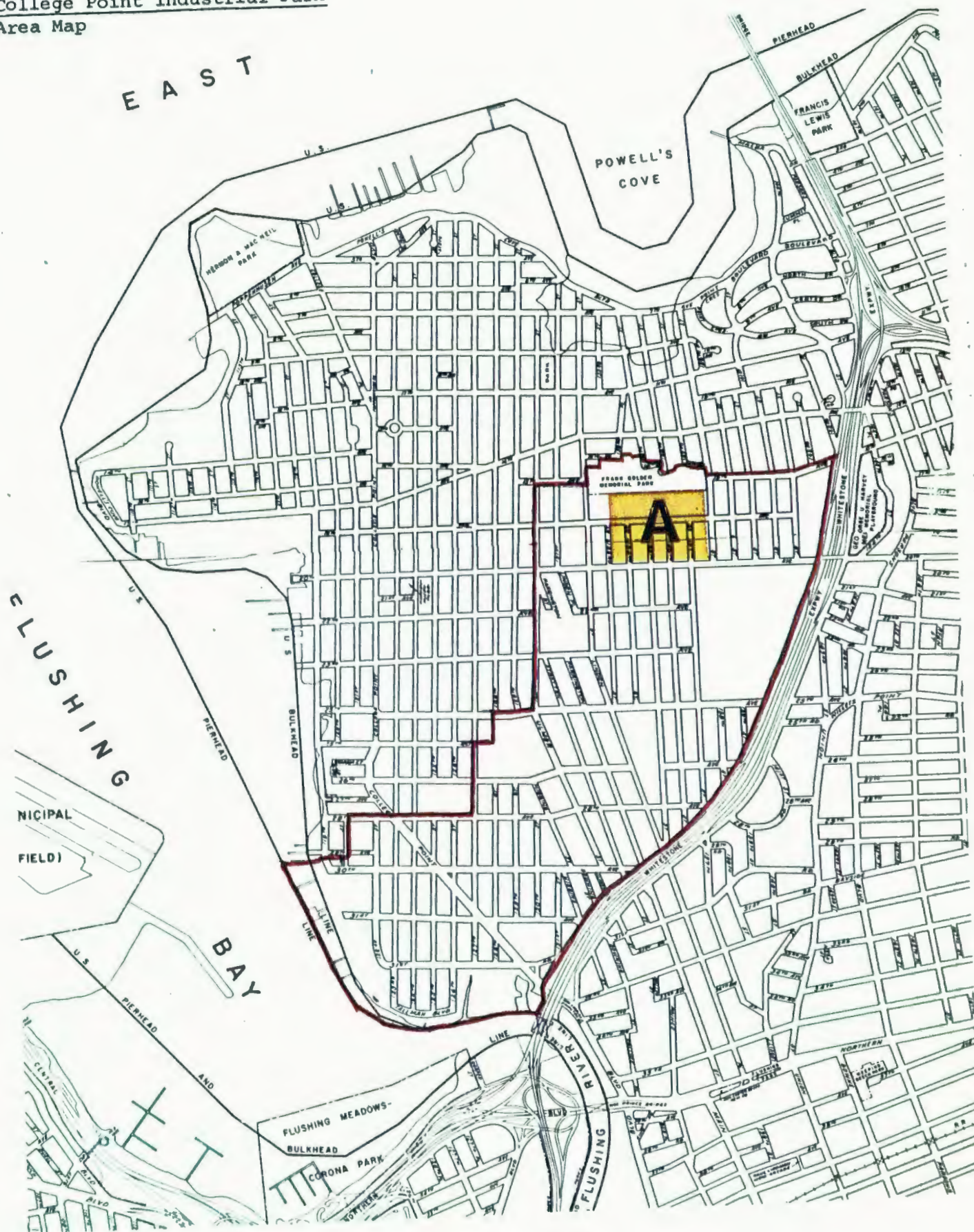
Proposed site is within a city-owned industrial park under the jurisdiction of the Public Development Corporation. The location is just west of the 20th Avenue interchange of the Whitestone Expressway--part of the arterial highway system leading to all parts of the metropolitan area and region.

The site is vacant and meets the size and topo. requirements established for the NIOSH facility. Additional contiguous area is available if required. The surrounding communities of College Point, Malba, and Whitestone offer excellent housing and shopping facilities. Mass Transit facilities are close by lessening the auto dependency requirements of the site.

The site is located close to La Guardia Airport and J.F. Kennedy is easily accessible via the Van Wyck Expressway. Hotels and motels clustered around these airports are also close by.

This site is only seven miles from the outstanding complex of medical and research facilities centered in Manhattan. (See cover memo)

1



NIOSH-Site A
College Point Industrial Park
Site Diagram



Site B--STATEN ISLAND INDUSTRIAL
PARK AREA--STATEN ISLAND

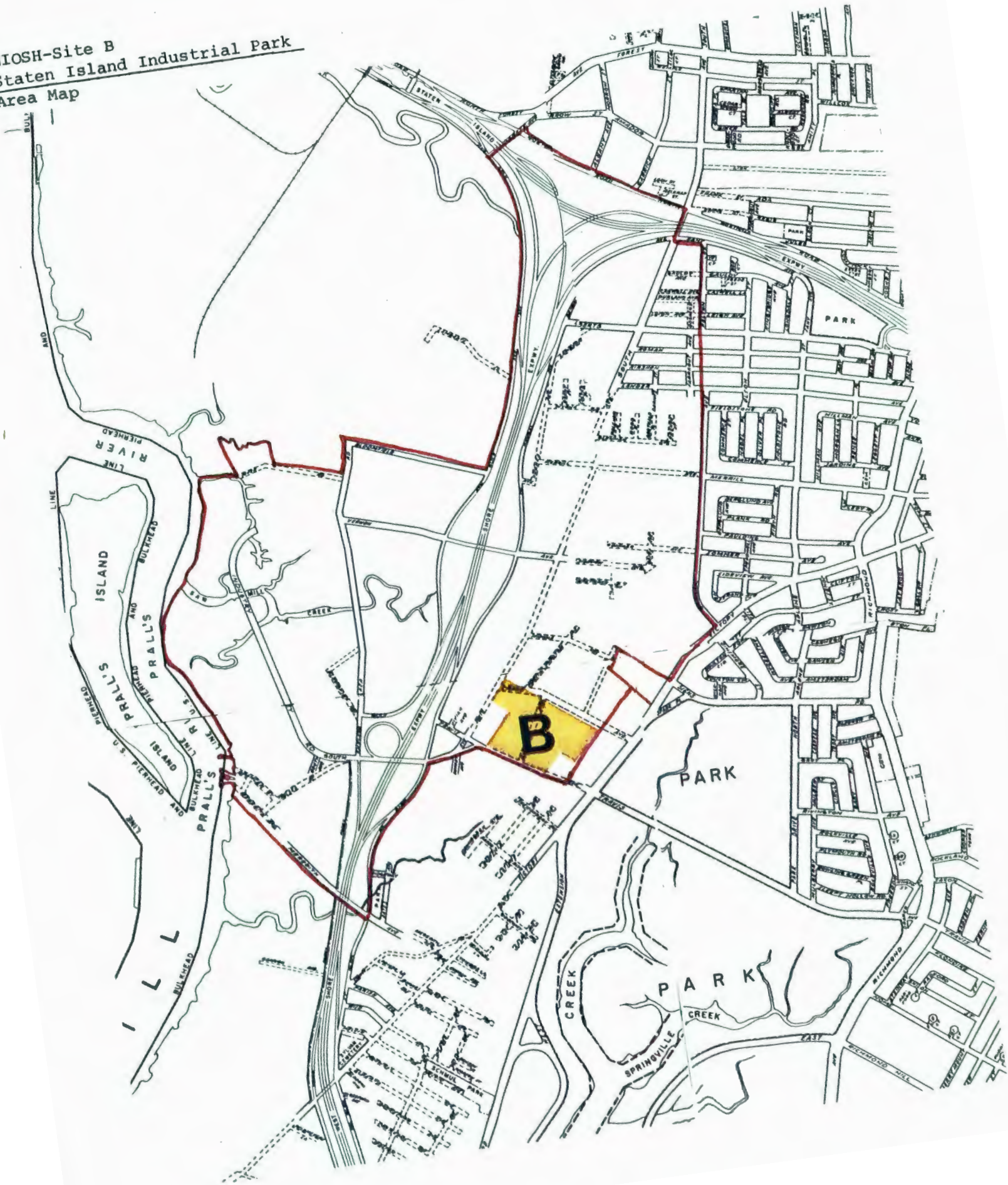
Proposed site is within a city-owned industrial park under the jurisdiction of the Public Development Corporation. The location is just east of the South Avenue interchange of the West Shore Expressway--part of the arterial highway system leading to all parts of the region.

The site is vacant and meets size and topo requirements established for the NIOSH facility. Additional contiguous area is available, if required. The nearby residential communities of Bulls Head and New Springville offer excellent housing opportunities and the Staten Island Mall--a regional shopping center is also close by. Bus access to St. George Ferry or directly to Manhattan is also close by.

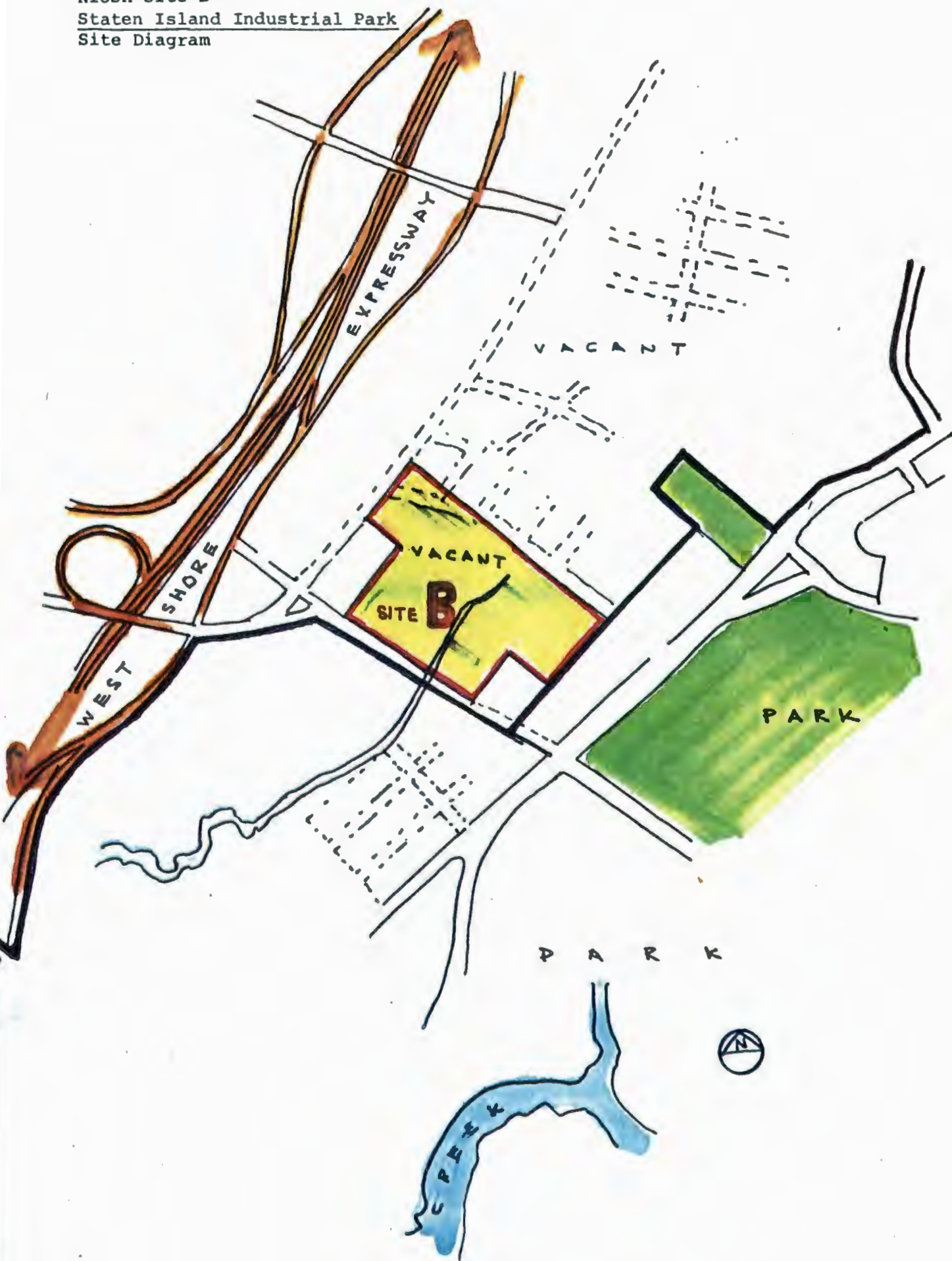
The site is close to Newark Airport and J.F. Kennedy, and La Guardia is also easily accessible. Hotels and motels are convenient to the site.

This site is only sixteen miles from the Manhattan institutional complex previously referred to.

NIOSH-Site B
Staten Island Industrial Park
Area Map



NIOSH-Site B
Staten Island Industrial Park
Site Diagram



Site C--SPRING CREEK INDUSTRIAL URBAN
RURAL AREA--BROOKLYN

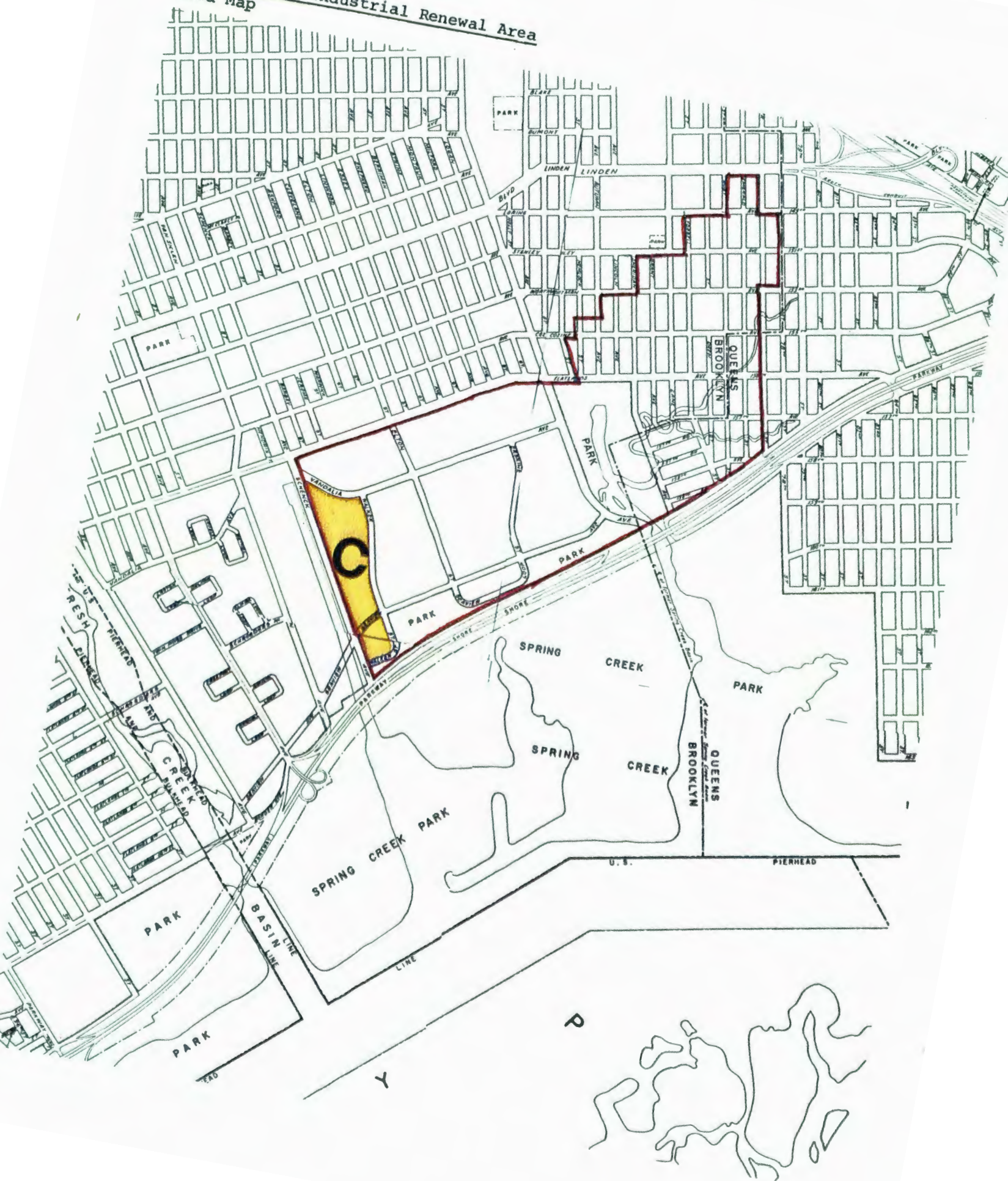
Proposed site is within a city-owned renewal area known as Spring Creek. The facilities is east of the Pennsylvania Avenue interchange of the Shore Parkway (part of the Belt System) close to the Brooklyn-Queens boundary. The Shore Parkway is part of the arterial highway system and leads to all parts of the region.

The site is vacant and meets the size, topo and all criteria established by NIOSH for this facility. The area submitted is 20 acres as per the criteria but additional contiguous area is available if required. The site is just east of Starret City, a large planned residential complex and Canarsie a pleasant residential area which offers good housing and shopping opportunities. To the north across Linden Boulevard is the East New York community which would benefit greatly by the job opportunities this facility would bring. The site is close to the Kings County and Downstate Medical Center complex in Brooklyn and could draw from this excellent resource.

The site is located close to J.F. Kennedy Airport-4 miles to the east-as well as to La Guardia Airport and the Hotels clustered around these airports.

The Manhattan institutional complex can be reached from the site via the Belt and arterial highway system or by Mass Transit across Brooklyn.

NIOSH- Site C
Spring Creek Industrial Renewal Area
Area Map



NIOSH-Site C
Spring Creek Industrial Renewal Area
Site Diagram



Site D-G T E Site-QUEENS

Proposed site is a privately owned, 30 acre parcel of vacant land formerly used as a research facility by The General Telephone and Electronics Corporation. It is located at the intersection of the Cross Island Parkway and the Clearview Expressway in a pleasant generally residential area in Queens. The site is appropriately zoned (M1-1) for a research facility of this nature.

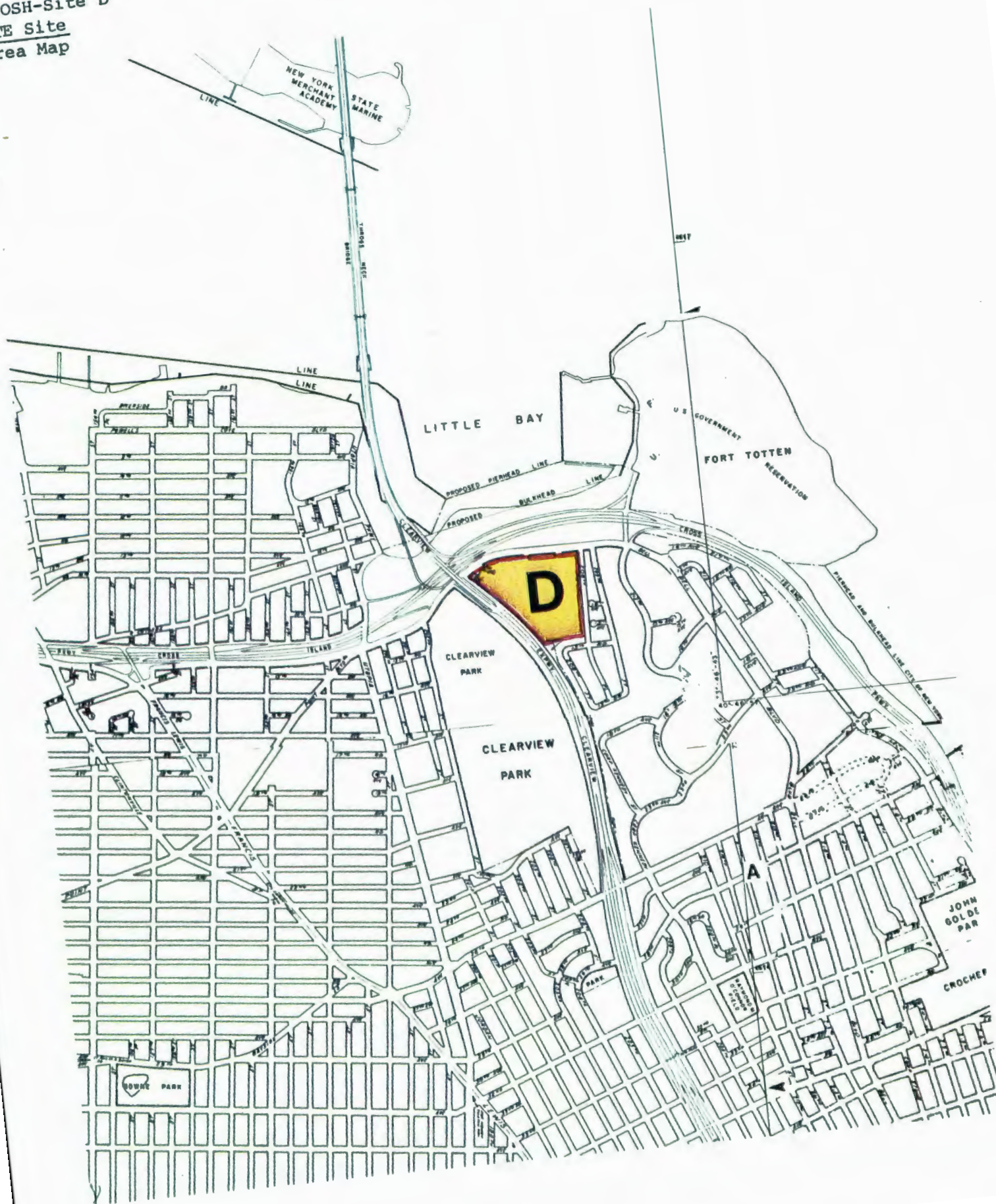
The topography of the site is slightly elevated above the surrounding area which permits a fine view over Long Island Sound across Little Bay. Clearview Park and Golf Course is just west of the site across the expressway. The surrounding residential Bayside and Beechhurst communities are well kept and provide excellent housing, recreational and commercial facilities. Queens College, St. Johns University as well as other local medical institutions are located conveniently.

This site located close to La Guardia Airport and a short drive to J.F. Kennedy. Hotels and motels are convenient to the site. Mass transit facilities are located in Bayside a short ride from the site.

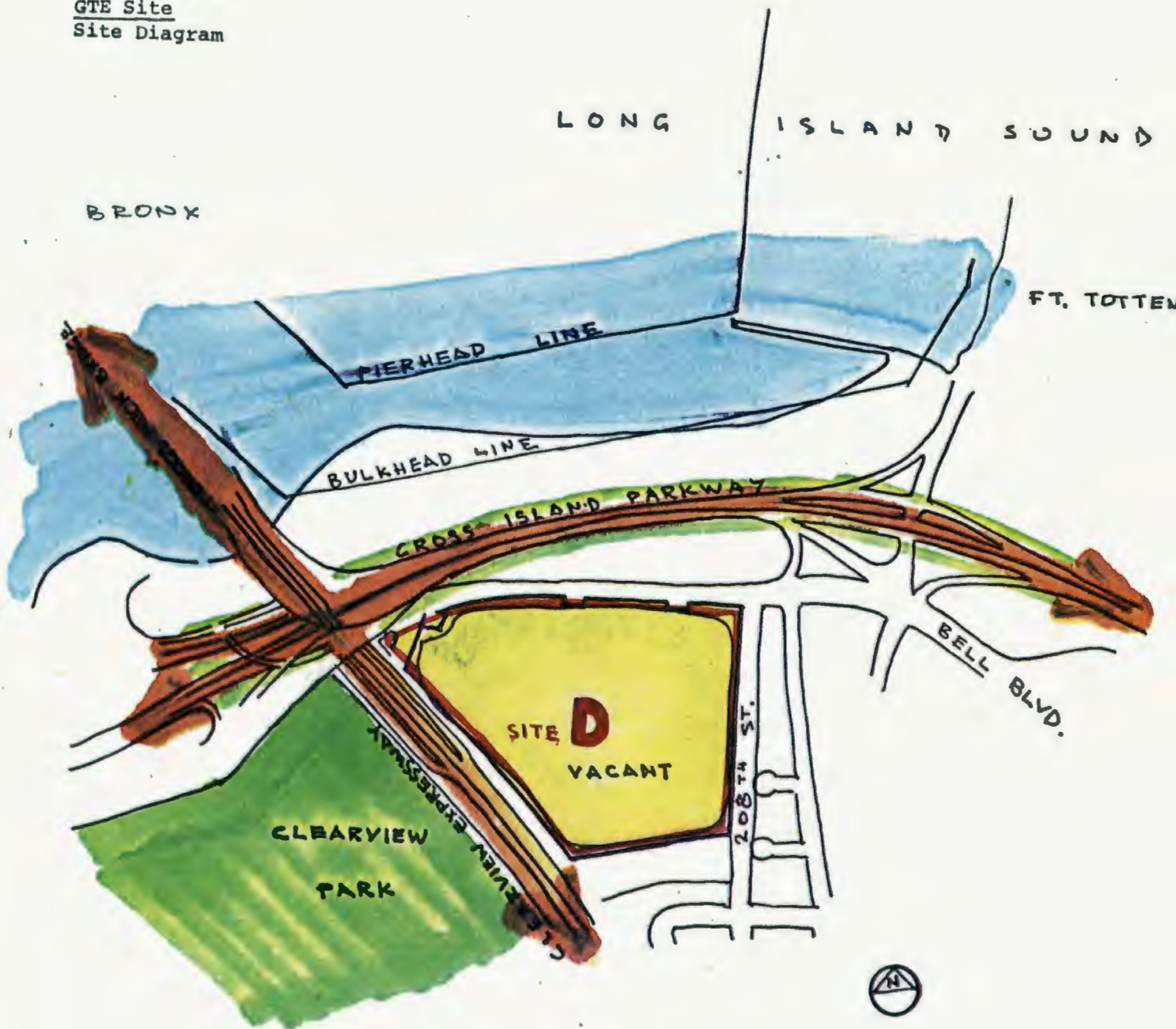
The Manhattan institutional complex is located only ten miles from the site.

NIOSH-Site D
GTE Site
Area Map

7



NIOSH-Site D
GTE Site
Site Diagram



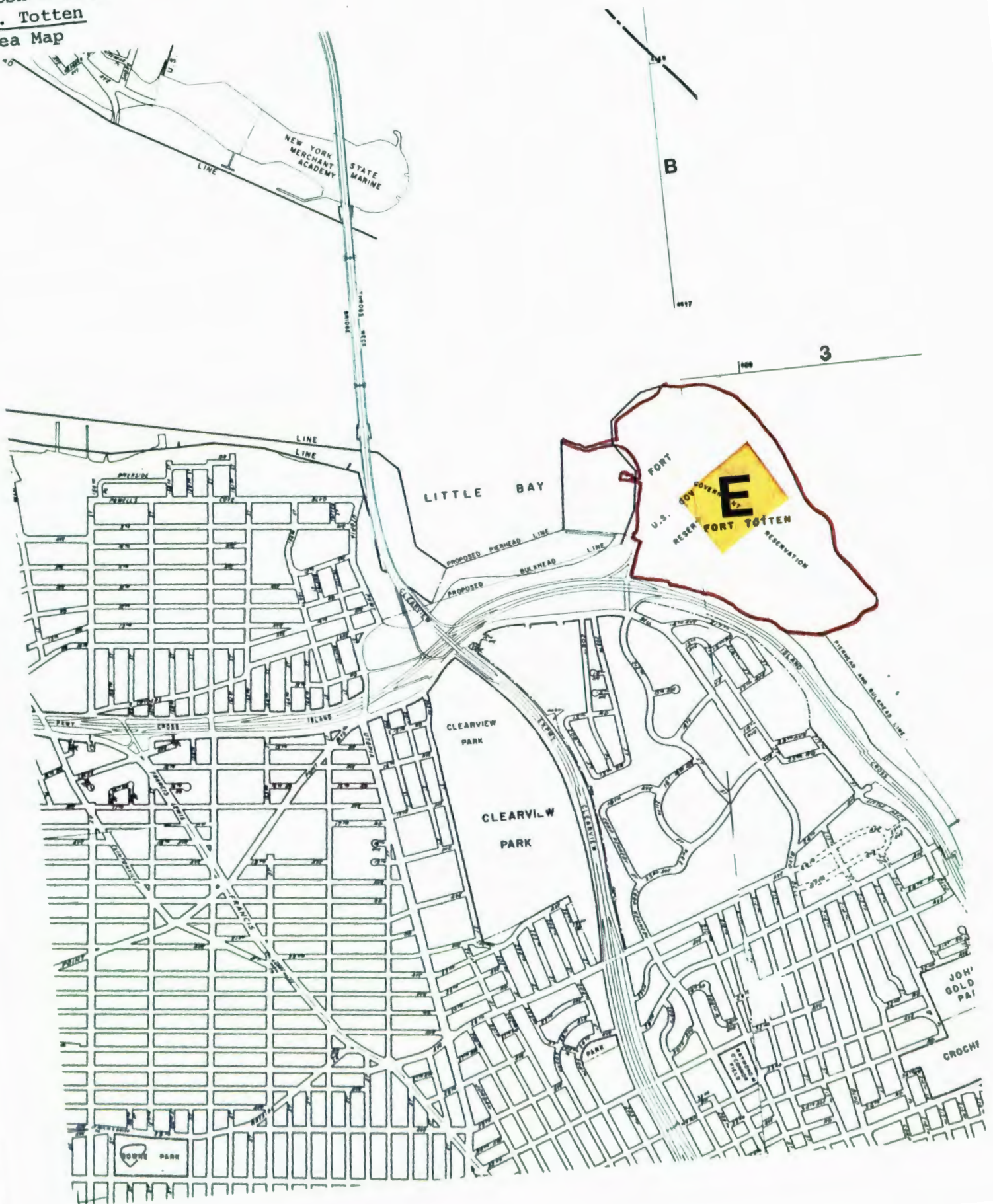
BAYSIDE
(RESIDENTIAL AREA)

Site E-Ft. TOTTEN ARMY BASE-
QUEENS

Proposed site is in the middle of the Ft. Totten Army Base just across the Cross Island Parkway from Site D-G T E. It is surplus Federal property.

The site has all the attributes of Site D plus the added factor of being federally owned. The location is in a uniquely beautiful setting that would add much to reasearch park atmosphere. It over looks Long Island Sound-standing high above the water level and is surrounded by green areas and historic houses. The topography is such that the building could be located at the top with a parking structure below--fitted into the hillside-out of sight.

NIOSH-Site E
Ft. Totten
Area Map



NIOSH-Site E
Ft. Totten
Site Diagram



Site F-ARMY SUPPLY BASE
BROOKLYN

Proposed site is federally-owned property located at the juncture of the Gowanus Expressway with the Belt Parkway on the upper bay in New York Harbor. It can be developed on vacant land adjacent to vacant warehouses. The possibility of utilizing these immense warehouses should be investigated as they offer high floor loadings and good ceiling heights in a sound structure.

The location is close to the Bay Ridge and Sunset Park residential communities-but effectively isolated by the elevated highway system. It is at the southerly terminus of the piers along the Brooklyn waterfront. Mass transit is just two blocks away from the site along 4th Avenue.

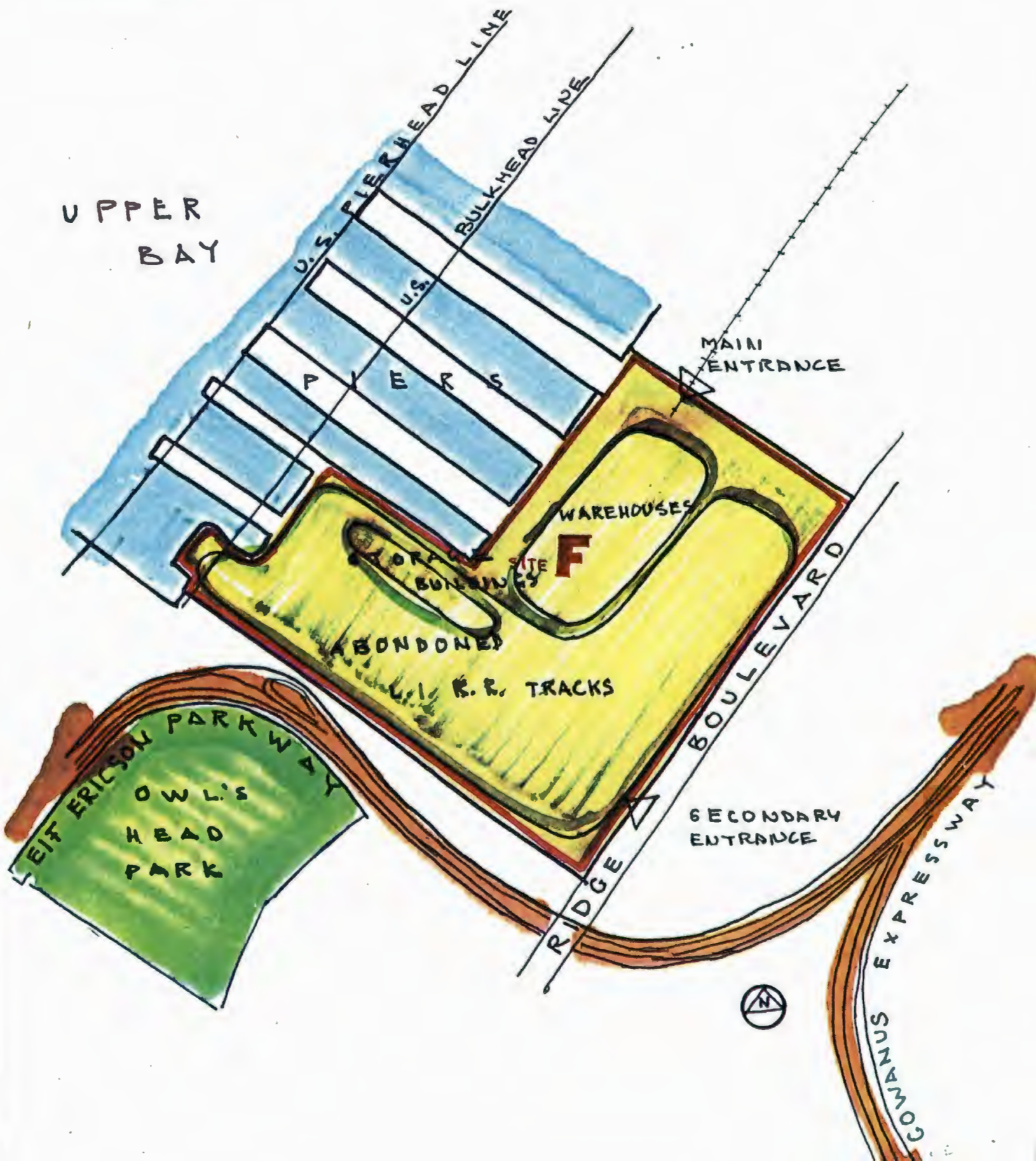
The site is well located geographically with aspect to the major airports, hotels and institutional facilities in the metropolitan area.

NIOSH-Site F
Brooklyn Army Base
Area Map



872
66E

NIOSH-Site F
Brooklyn Army Base
Site Diagram



THE WHITE HOUSE
WASHINGTON

October 6, 1977

Stu Eizenstat

The attached was returned in the President's outbox today and is forwarded to you for your information and appropriate handling. The signed originals of the letter have been given to Bob Linder for appropriate handling and delivery.

Rick Hutcheson

cc: Bob Lipshutz
Jody Powell
Jack Watson
Jim McIntyre
Zbig Brzezinski
Bob Linder

RE: U.S. POLICY FOR THE CONDUCT OF
INTERNATIONAL AIR TRANSPORT
NEGOTIATIONS

CONFIDENTIAL ATTACHMENT

THE WHITE HOUSE
WASHINGTON

	FOR STAFFING
	FOR INFORMATION
/	FROM PRESIDENT'S OUTBOX
	LOG IN/TO PRESIDENT TODAY
	IMMEDIATE TURNAROUND

ACTION	FYI	
		MONDALE
		COSTANZA
/		EIZENSTAT
		JORDAN
	/	LIPSHUTZ
		MOORE
	/	POWELL
	/	WATSON
	/	McINTYRE
		SCHULTZE

	ENROLLED BILL
	AGENCY REPORT
	CAB DECISION
	EXECUTIVE ORDER

Comments due to
Carp/Huron within
48 hours; due to
Staff Secretary
next day

	ARAGON
	BOURNE
/	BRZEZINSKI
	BUTLER
	CARP
	H. CARTER
	CLOUGH
	FALLOWS
	FIRST LADY
	HARDEN
	HUTCHESON
	JAGODA
	GAMMILL

	KRAFT
	LINDER
	MITCHELL
	MOE
	PETERSON
	PETTIGREW
	POSTON
	PRESS
	SCHLESINGER
	SCHNEIDERS
	STRAUSS
	VOORDE
	WARREN

THE WHITE HOUSE

WASHINGTON

October 3, 1977

MEMORANDUM FOR:

THE PRESIDENT

FROM:

STU EIZENSTAT
ZBIGNIEW BRZEZINSKI
BOB LIPSHUTZ

Stu
[Signature]
[Signature]

SUBJECT:

McIntyre Memo Dated 9/15/77
re: A U. S. Policy for the Conduct of
International Air Transport Negotiations

OMB, the Departments of State, Justice and Transportation recommend that you adopt a policy statement outlining our objectives in international aviation. Objectives in the policy statement are:

1. low fare scheduled service
2. liberalization of restrictions on charter carriers
3. reduction and/or elimination of capacity restrictions
4. designation of more than one U. S. flag carrier in large markets, and
5. expansion of the number of non-stop gateways.

The statement directs negotiators to obtain Presidential approval before agreeing to a bilateral agreement that does not adequately achieve either our first or second objective.

We, along with all concerned agencies, concur with the five policy objectives. We are persuaded that a policy statement at this time is advisable:

1. We are entering a new round of bilateral negotiations. The recent U. S. - U. K. Bermuda II agreement has been criticized by Congress and U. S. airlines as a retreat from a strong competitive policy. CAB Chairman Alfred Kahn, who

criticized the treaty at House Hearings last week also believes that specific Presidential direction is necessary to keep Bermuda II from being a precedent for future bilaterals.

2. Your decision last week reversing the CAB on North Atlantic fare discounts is perceived as a signal that we will take a tough bargaining stance with foreign governments. Because of your decision, there is an even greater need for liberal charter agreements with foreign governments, so that charter carriers can compete on an even footing with scheduled carriers. A policy statement is a good follow-up to that decision.

However, we do not support the policy statement as it is now written. We disagree with the provision directing negotiators to obtain Presidential approval before agreeing to a bilateral agreement that does not adequately achieve the objectives of 1) low fare scheduled service and 2) liberalized restrictions on charter carriers. While we agree that both elements should be included in any new agreement, this requirement would tie the hands of negotiators and involve you needlessly in the details of our negotiations. As a compromise with the OMB position, we would suggest that the negotiators be asked to provide you with occasional brief reports on the progress of the negotiations, and whether we are successful in meeting the five stated objectives. The State Department agrees with this position.

In addition, if you approve the policy statement, we believe that it should be reviewed by us, and by the Department of State before issuance. *ok*

Approve the policy statement as now written (OMB, Departments of Justice and Transportation recommend)

SIGN MEMO
AT
TAB B

Approve the policy statement, but eliminate the requirement of obtaining your explicit approval in advance of signing an agreement that does not meet the stated objectives, and work out further changes with the State Department (Department of State and we recommend)

✓
ok for State review

Since our negotiations with Japan begin very soon, we recommend that you send the attached letter to our representatives stating briefly your commitment to the principles discussed in the policy statement. The letter, based on a draft recommended by the State Department, states that the central goal in international aviation should be to move toward a system that places principal reliance on effective competition. It makes nearly all the major points covered by the policy statement. OMB has no objection to the letter.

Approve the letter (all
agencies recommend)

✓

(4 SIGNATURES
NEEDED, - TAB A)

Disapprove the letter

The more serious problem in international aviation negotiations is how to translate broad policy objectives into a workable negotiating strategy. Many of the difficulties encountered in the U. S. - U. K. negotiations stemmed from organizational inefficiencies and an inadequate interagency coordinating mechanism. While there is general agreement that we must improve the process of negotiating international aviation agreements, there is disagreement among the agencies on how that process should be organized. Both State and DOT have indicated a desire to play a central role. We recommend that you direct us and OMB to work with these agencies to develop a consensus or options on how the negotiations should be conducted, and report back to you. Until this is accomplished, an interagency group, chaired by the State Department, has been established to conduct the Japanese bilateral.

Approve

Disapprove

JC

**Electrostatic Copy Made
for Preservation Purposes**

THE WHITE HOUSE
WASHINGTON

To Attorney General Griffin Bell

The work you are about to undertake in negotiating bilateral agreements with Japan is of great importance.

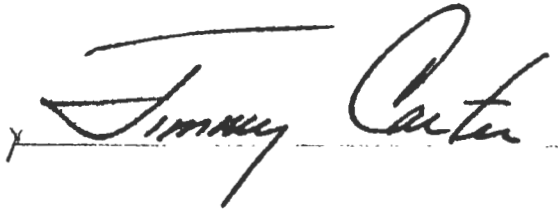
Two related problems face international aviation today: empty seats and high fares. Both problems can be resolved if we work to remove restrictions on low and innovative fares in both chartered and scheduled service. I am convinced that increased competition can make convenient, low-cost transportation available to many people who cannot now afford it, while at the same time bringing greater prosperity to the international aviation industry.

Our central goal in international aviation should be to move toward a truly competitive system. Market forces should be the main determiner of the variety, quality and price of air services.

We should seek international aviation agreements that permit low-fare innovations in scheduled service, expanded and liberalized charter operations, non-stop international service, and competition among multiple U.S. carriers in markets of sufficient size. We should also avoid government restrictions on airline capacity. While keeping in mind the importance of a healthy U.S. flag carrier industry, we should be bold in granting liberal and expanded access to foreign carriers in the United States in exchange for equally valuable benefits we receive from those countries. Our policy should be to trade opportunities rather than restrictions.

To achieve these goals will require close interagency cooperation and a firm negotiating posture. I am confident of the ability of you and your colleagues to achieve these objectives in our upcoming negotiations. I want you to keep me fully informed of your progress.

Sincerely,

A handwritten signature in cursive script, reading "Jimmy Carter". The signature is written in dark ink on a light background. The first name "Jimmy" is written in a fluid, cursive style, and the last name "Carter" is also in cursive, with a large, looping "C" at the beginning. The signature is positioned below the word "Sincerely,".

The Honorable Griffin B. Bell
The Attorney General
Washington, D.C. 20530

THE WHITE HOUSE

WASHINGTON

To Secretary Brockman Adams

The work you are about to undertake in negotiating bilateral agreements with Japan is of great importance.

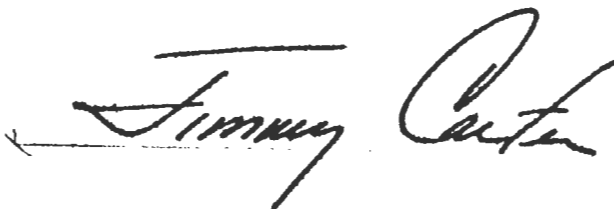
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Sincerely,

A handwritten signature in dark ink, reading "Jimmy Carter". The signature is written in a cursive, flowing style. The first name "Jimmy" is written with a large, sweeping "J" and a long horizontal line extending to the left. The last name "Carter" is written with a large, open "C" and a long horizontal line extending to the right.

The Honorable Brockman Adams
Secretary of Transportation
Washington, D.C. 20590

THE WHITE HOUSE

WASHINGTON

To Chairman Alfred Kahn

The work you are about to undertake in negotiating bilateral agreements with Japan is of great importance.

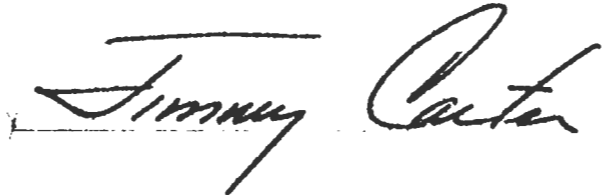
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Sincerely,

A handwritten signature in dark ink, reading "Jimmy Carter". The signature is written in a cursive style with a horizontal line above the first name.

The Honorable Alfred Edward Kahn
Chairman
Civil Aeronautics Board
Washington, D.C. 20428

THE WHITE HOUSE

WASHINGTON

To Secretary Cyrus Vance

The work you are about to undertake in negotiating bilateral agreements with Japan is of great importance.

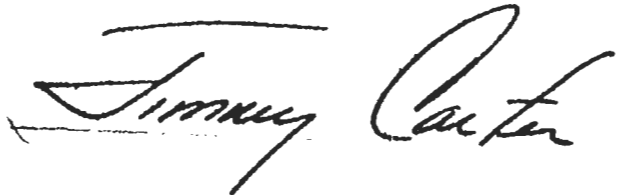
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To achieve these goals will require close interagency cooperation and a firm negotiating posture. I am confident of the ability of you and your colleagues to achieve these objectives in our upcoming negotiations. I want you to keep me fully informed of your progress.

Sincerely,

A handwritten signature in cursive script, reading "Jimmy Carter". The signature is written in dark ink and is positioned to the right of the word "Sincerely,".

The Honorable Cyrus Vance
Secretary of State
Washington, D.C. 20520

SCHULTZE COMMENT

CEA makes the point that "in the real world it has been, and will continue to be, charter service which puts the pressure on the scheduled airlines to introduce innovative low fare services," and would add the following language to the policy statement:

Liberalized charter service provides an enforcement mechanism for the low fare scheduled service objective and, therefore, should not normally be traded off to obtain further increased opportunities for low fare scheduled services. However, if strong competition from charters already exists when negotiations begin, the need for liberalization is less urgent and it could be set aside in the furtherance of our other objectives.

IN

OMB MEMO

and-

WITHDRAWAL SHEET (PRESIDENTIAL LIBRARIES)

FORM OF DOCUMENT	CORRESPONDENTS OR TITLE	DATE	RESTRICTION
memo w/ att.	From Brzezinski to The President (3 pp.) re: Meeting With Harry Oppenheimer/enclosed in Hutcheson to Brzezinski 10/6/77	10/5/77	A
memo	From McIntyre to The President (11 pp.) re: International Air Transportation Negotiations enclosed in Hutcheson to Lipshutz et al 10/6/77	9/15/77	A

FILE LOCATION

arter Presidential Papers- Staff Offices, Office of the Staff Sec.- Pres. Hand-writing File 10/6/77 [2] BOX 58

RESTRICTION CODES

- (A) Closed by Executive Order 12356 governing access to national security information.
- (3) Closed by statute or by the agency which originated the document.
- (C) Closed in accordance with restrictions contained in the donor's deed of gift.

THE WHITE HOUSE

WASHINGTON

MEMORANDUM FOR

THE SECRETARY OF STATE
THE ATTORNEY GENERAL
THE SECRETARY OF TRANSPORTATION
THE CHAIRMAN OF THE CIVIL
AERONAUTICS BOARD

SUBJECT:

A U.S. Policy for the Conduct of
International Air Transport
Negotiations

I have approved the attached policy paper. I expect the guidance offered by the policy paper to be followed in designing a specific set of negotiating objectives for the upcoming Japanese bilateral discussions.

Once those specific objectives and a corresponding negotiating strategy are prepared, they are to be submitted to me for my approval.

THE WHITE HOUSE

WASHINGTON

Mon
from SE, TSC

Date: September 15, 1977

MEMORANDUM

FOR ACTION:

Stu Eizenstat

Bob Lipshutz

Jack Watson *concur*

Charlie Schultze *attached*

Zbig Brzezinski

by Tues/Wed

FOR INFORMATION:

The Vice President

*Still probs,
may be problems & to be
he written?*

CONFIDENTIAL

FROM: Rick Hutcheson, Staff Secretary

SUBJECT: McIntyre memo dated 9/15/77 re A U.S. Policy for the
Conduct of International Air Transport Negotiations

*Holma
Bob = w/STN*

YOUR RESPONSE MUST BE DELIVERED
TO THE STAFF SECRETARY BY:

TIME: 12:00 NOON

DAY: Saturday

DATE: September 17, 1977

ACTION REQUESTED:

☒ Your comments

Other:

2nsg

STAFF RESPONSE:

☐ I concur.

☐ No comment.

Please note other comments below:

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

If you have any questions or if you anticipate a delay in submitting the required material, please telephone the Staff Secretary immediately. (Telephone, 7052)

THE CHAIRMAN OF THE
COUNCIL OF ECONOMIC ADVISERS
WASHINGTON

September 17, 1977

MEMORANDUM FOR THE PRESIDENT

FROM: Charlie Schultze ^{CLS}

SUBJECT: OMB memo on "Conduct of International Air
Transport Negotiations"

We believe this is an excellent memorandum and policy statement. We have one major modification to propose.

The second objective stated in the paper (p. 1 of the OMB memo) deals with reducing restrictions on charter service. The first objective deals with the creation of greater opportunities for low fares in scheduled service. In the real world it has been, and will continue to be, charter service which puts the pressure on the scheduled airlines to introduce innovative low fare services. In other words, objective number 2 is the enforcement mechanism for making sure that objective number 1 is realized. CEA believes that the policy statement should make this fact clear. In addition, the policy statement should establish the rebuttable presumption that, in bilateral negotiations, objective number 2 is normally not to be traded off to get more of objective number 1. Obviously there are special circumstances in particular bilateral negotiations where this rule may have to be modified, but the policy statement should make clear what our preferred outcome is: namely, to make sure that opportunities for charter service are plentifully available in order to keep the pressure on scheduled services for low and innovative fares. Suggested language to accommodate this pressure follows:

Liberalized charter service provides an enforcement mechanism for the low fare scheduled service objective and, there^{fore}, should not normally be traded off to obtain further increased opportunities for low fare scheduled services. However, if strong competition from charters already exists when negotiations begin, the need for liberalization is less urgent and it could be set aside in the furtherance of our other objectives.

THE WHITE HOUSE
WASHINGTON

October 3, 1977

MEMORANDUM FOR: THE PRESIDENT

FROM: STU EIZENSTAT *Stu*
ZBIGNIEW BRZEZINSKI *DB*
BOB LIPSHUTZ *gs*

SUBJECT: McIntyre Memo Dated 9/15/77
re: A U. S. Policy for the Conduct of
International Air Transport Negotiations

OMB, the Departments of State, Justice and Transportation recommend that you adopt a policy statement outlining our objectives in international aviation. Objectives in the policy statement are:

1. low fare scheduled service
2. liberalization of restrictions on charter carriers
3. reduction and/or elimination of capacity restrictions
4. designation of more than one U. S. flag carrier in large markets, and
5. expansion of the number of non-stop gateways.

The statement directs negotiators to obtain Presidential approval before agreeing to a bilateral agreement that does not adequately achieve either our first or second objective.

We, along with all concerned agencies, concur with the five policy objectives. We are persuaded that a policy statement at this time is advisable:

1. We are entering a new round of bilateral negotiations. The recent U. S. - U. K. Bermuda II agreement has been criticized by Congress and U. S. airlines as a retreat from a strong competitive policy. CAB Chairman Alfred Kahn, who

criticized the treaty at House Hearings last week also believes that specific Presidential direction is necessary to keep Bermuda II from being a precedent for future bilaterals.

2. Your decision last week reversing the CAB on North Atlantic fare discounts is perceived as a signal that we will take a tough bargaining stance with foreign governments. Because of your decision, there is an even greater need for liberal charter agreements with foreign governments, so that charter carriers can compete on an even footing with scheduled carriers. A policy statement is a good follow-up to that decision.

However, we do not support the policy statement as it is now written. We disagree with the provision directing negotiators to obtain Presidential approval before agreeing to a bilateral agreement that does not adequately achieve the objectives of 1) low fare scheduled service and 2) liberalized restrictions on charter carriers. While we agree that both elements should be included in any new agreement, this requirement would tie the hands of negotiators and involve you needlessly in the details of our negotiations. As a compromise with the OMB position, we would suggest that the negotiators be asked to provide you with occasional brief reports on the progress of the negotiations, and whether we are successful in meeting the five stated objectives. The State Department agrees with this position.

In addition, if you approve the policy statement, we believe that it should be reviewed by us, and by the Department of State before issuance.

Approve the policy statement as
now written (OMB, Departments of
Justice and Transportation
recommend)

Approve the policy statement, but
eliminate the requirement of obtaining
your explicit approval in advance
of signing an agreement that does not
meet the stated objectives, and work
out further changes with the State
Department (Department of State and
we recommend)

Since our negotiations with Japan begin very soon, we recommend that you send the attached letter to our representatives stating briefly your commitment to the principles discussed in the policy statement. The letter, based on a draft recommended by the State Department, states that the central goal in international aviation should be to move toward a system that places principal reliance on effective competition. It makes nearly all the major points covered by the policy statement. OMB has no objection to the letter.

Approve the letter (all
agencies recommend) _____

Disapprove the letter _____

The more serious problem in international aviation negotiations is how to translate broad policy objectives into a workable negotiating strategy. Many of the difficulties encountered in the U. S. - U. K. negotiations stemmed from organizational inefficiencies and an inadequate interagency coordinating mechanism. While there is general agreement that we must improve the process of negotiating international aviation agreements, there is disagreement among the agencies on how that process should be organized. Both State and DOT have indicated a desire to play a central role. We recommend that you direct us and OMB to work with these agencies to develop a consensus or options on how the negotiations should be conducted, and report back to you. Until this is accomplished, an interagency group, chaired by the State Department, has been established to conduct the Japanese bilateral.

Approve _____

Disapprove _____

Dear _____:

The work you are about to undertake in negotiating bilateral agreements with Japan is of great importance.

Two related problems face international aviation today: empty seats and high fares. Both problems can be resolved if we work to remove restrictions on low and innovative fares in both chartered and scheduled service. I am convinced that increased competition can make the benefits of convenient, low-cost transportation available to many people who cannot now afford it, while at the same time bringing greater prosperity to the international aviation industry.

Our central goal is international aviation should be to move toward a system that places principal reliance on effective competition. Market forces should be the main determinant of the variety, quality and price of air services.

We should strive for international aviation agreements that provide opportunities for low-fare innovations in scheduled service, expanded and liberalized charter operations, non-stop international service, and competition among multiple U. S. carriers in markets of sufficient size.

Moreover, we should seek to avoid government restrictions on airline capacity. Thus, while keeping in mind the importance of a healthy U.S. flag carrier industry, we should be bold in granting liberal and expanded access to foreign carriers in the United States in exchange for equally valuable benefits we receive from those countries. Our policy should be to trade opportunities rather than restrictions.

To achieve these goals will require close interagency cooperation and a firm negotiating posture. I am confident of the ability of you and your colleagues to achieve these objectives in our upcoming negotiations. I want you to keep me fully informed of your progress.

CONFIDENTIAL ATTACHMENT

THE WHITE HOUSE
WASHINGTON
October 4, 1977

IMMEDIATE TURNAROUND

Jim Fallows -

Please review the attached proposed
letter and statement as soon as possible.
Thanks.

Rick Hutcheson

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for Preservation Purposes

THE PRESIDENT HAS SEEN.
THE WHITE HOUSE
WASHINGTON

October 5, 1977

9:30 AM

5

MEETING WITH WESTERN COALITION OF SENATORS

Thursday, October 6, 1977

9:30 a.m. (30 minutes)

State Dining Room

From: Frank Moore *F.M.*

I. PURPOSE

The Western Coalition of Senators is greatly interested in the policy issues which are addressed by the Water Resources Policy Study commissioned by you, since nothing concerns them more than their water resources.

II. BACKGROUND, PARTICIPANTS & PRESS PLAN

A. Background: Virtually all of these Senators are upset with our water resources policy. The prevailing sentiment is that most of our policy makers do not understand water problems in the west and do not realize how vital water is to their states.

B. Participants: The President, Secretary Andrus, Senators Burdick, Cannon, Church, Cranston, DeConcini, Domenici, Garn, Goldwater, Gravel, Hansen, Hart, Haskell, Hatch, Hatfield, Hayakawa, Jackson, Laxalt, Magnuson, Matsunaga, McClure, McGovern, Melcher, Packwood, Schmitt, Stevens, Wallop, Young, Frank Moore, Dan Tate, Gary Catron.

C. Press Plan: White House Photo Only.

III. TALKING POINTS

1. You and other Senators and members of Congress rightfully pointed out what a massive task the reform of water policies and programs will be. In response to your very legitimate request, Secretary Andrus has recently announced significantly more time for this study. Public comments are invited through November 20 and final recommendations won't

come to me until next February from the task force. This additional time will allow much better consultation with you, the states and the public.

2. The water policy task force has published option papers laying out a number of possibilities, none of which represent decisions. The purpose of the option papers was to elicit far-reaching comments and ideas. I can assure you that we do not intend to take over state water rights, as some apparently concluded from the option papers (Hansen in particular).
3. I am particularly pleased to hear from Western Senators because of the overriding importance of water in your area. I would also point out this water policy effort is national in scope and the special problems of every region will be taken into account.
4. My goals in water policy reform are to look at water questions in a national policy framework, and to make sure that federal investments are economically and environmentally sound today. Some of our water programs and projects have resulted in needless expense and environmental destruction. I think you would all agree that when billions of dollars are going into a program, it's important periodically to assess its effectiveness.
5. Water projects funding for FY 1979: I will be analyzing the budget this fall and, as I said when I signed the Public Works Appropriations Bill, I will carefully scrutinize the projects proposed for construction.
6. Comments on specific projects should be avoided because (1) we need to give Democrats advance word and (2) you will probably want to make your views known during your upcoming Western trip.

(Talking Points on Water Resources
Policy prepared by Kathy Fletcher)

7. In addition to water problems in the west, there is an overriding sentiment that you do not realize the differences between southern agriculture and western agriculture. The biggest difference is variety--southern agriculture is multi-crop where several different crops can be planted, as well as substitutes. The west is basically locked into wheat. And, if they don't have a full supply of water at all times, they could lose a full year of crop production.
8. The wheat surplus has depressed prices. The build up started about 1974 and has continually worsened. The emergency farm bill that would have helped was vetoed by President Ford in 1975 and we've got to give the present farm bill a chance to work. The wheat deficiency payments will run approximately \$262,809,000 and Federal checks will be going out in November through December. This will amount to approximately 65¢ a bushel.
9. Western farmers are also farther from markets than southern farmers, causing them to lose in transportation costs, etc.

Other issues likely to come up are: National forest timber bidding practices, the northern tier pipeline, native claims questions, expansion of existing wilderness areas and designation of new wilderness areas, airline deregulation as it affects western cities other than Los Angeles and San Francisco, and your nuclear non-proliferation policies.



THE SECRETARY OF THE INTERIOR
WASHINGTON

October 5, 1977

MEMORANDUM TO THE PRESIDENT

FROM: SECRETARY OF INTERIOR

SUBJECT: NATIONAL WATER POLICY REVIEW

Status Report - The water policy review ordered in the environmental message is well underway with the Secretary of Interior taking the lead. Task forces made up of federal agency personnel, with substantial state representation, are covering seven separate areas (water resource planning; conservation; federal reserved water rights; water quality; water research; institutions and laws; and cost sharing). Direct supervision is by a policy group consisting of Assistant Secretary Guy Martin of Interior, Eliot Cutler of the Office of Management and Budget, and Gus Speth, Council on Environmental Quality.

The original option papers for the review provoked controversy because: the schedule for public review was too short; options were perceived as firm proposals; there was created a general fear of federal takeover of state powers over water. The schedule has been lengthened by 90 days; the options have been explained again as alternatives for discussion; and the Secretary has made it repeatedly clear that no significant incursion of state water law is intended. The new schedule calls for completion of public input on November 20 and Presidential decisions in mid-February. Implementing actions are to follow.

Substantial state, interest group and public participation will take place throughout (see attached schedule for example), but no re-publication of option papers (task force reports) nor second round of comments is anticipated in the present schedule. Relations with the states are now improving rapidly.

Criticism and opposition to the policy review has been considered and the following main points are important:

(1) Process is said to be too fast, not enough opportunity for state, local, public participation -- a legitimate criticism, now partially resolved by the time extension.

(2) The review is alleged to be an attack on state water right systems in the West. This is a real but unfounded criticism around which much opposition has formed. It can be, and should be, diffused with an early statement by the President.

(3) The unstated objection of many states and interests is the fear that an open analysis of federal water programs will reveal facts which will lead to dramatic reform in federal policy on water projects overall.

(4) Most criticism is from the West, but the policy review has broad coverage (conservation, water quality, etc.) with nationwide meaning. Support and constructive criticism is generally the case outside of the West.

As part of the review, the President ordered "Congressional consultation." Although the tight original deadline made this a difficult task to fulfill, the 90-day extension will allow a series of Congressional briefings, consultations and solicitations for positions. Of course, many new policies will require Congressional action. Clearly at stake in the overall policy review is whether the past pattern of Congressional dominance over federal water policy will continue, mostly centered around the funding of projects.

As I mentioned in my memorandum of yesterday, you should listen, but make no commitments at this meeting. You can take the offensive in Denver.


Cecil D. Andrus

PUBLIC APPEARANCES RELATED TO NATIONAL WATER RESOURCE POLICY REVIEW

1. Speeches before National Water Conference, St. Louis, Mo., May 23-24, 1977; Secretary Andrus and Assistant Secretary Martin.
2. Speech before Universities Council on Water Resources, Brookings, S.D., July 25, 1977; Assistant Secretary Martin.
3. Public Hearings on water resource option papers:

<u>July 28-29, 1977</u>	<u>August 1-2, 1977</u>
Boston, Mass.	Seattle, Wa.
Atlanta, Ga.	Dallas, Texas
Los Angeles, Ca.	Cincinnati, Ohio
Denver, Colorado	
Minneapolis, Minn.	
4. Meeting with Western Governor's Conference, Anchorage, Alaska, August 17-18, 1977; Secretary Andrus.
5. Meeting with National Governor's Conference Water Resources Subcommittee, Atlanta, Ga., September 21, 1977; Assistant Secretary Martin.
6. Speeches before Council on Western States Water Engineers, Lincoln, Neb., September 22-23, 1977; Assistant Secretary Martin and Commissioner of Reclamation Higginson.
7. Speech before University of Georgia and Universities Council on Water Resources Workshop on Cost Sharing, Jekyll Island, Ga., September 22, 1977; Director Cobb, Office of Water Research and Technology.
8. Speech before Colorado Chamber of Commerce, Washington, D.C., September 29, 1977; Assistant Secretary Martin.
9. Speech before National Water Pollution Control Federation, Philadelphia, Pa., October 4, 1977; Assistant Secretary Martin.
10. Speech before Arizona League of Cities and Towns, Phoenix, Ariz., October 6, 1977; Assistant Secretary Martin.
11. Briefing for Senate Energy Committee, Washington, D.C., October 6, 1977; CEQ Member Speth and OMB Associate Director Cutler.
12. Quarterly Meeting of the Interstate Conference on Water Problems, Salt Lake City, Utah, October 14, 1977; Deputy Assistant Secretary Beard.

13. Briefing for House Appropriations Committee, Washington, D.C., October 18, 1977; Assistant Secretary Martin.
14. Briefing for Members of Arizona State Legislature, Washington, D.C., October 26, 1977; Deputy Assistant Secretary Beard.
15. Speech before National Water Resources Association, Boise, Idaho, October 25-28, 1977; Secretary Andrus and Commissioner Higginson.
16. Briefing for the National Association of State Legislatures, Denver, Colorado, October 28, 1977; Deputy Assistant Secretary Beard.
17. Speech before Wyoming Water Development Association, Casper, Wyo., November 14, 1977; Deputy Assistant Secretary Beard.
18. Speech before South Dakota Natural Resources Council, Huron, S.D., October 29, 1977; Deputy Assistant Secretary Beard.

1:30 PM

THE PRESIDENT HAS SEEN.

THE WHITE HOUSE

WASHINGTON

October 5, 1977

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MEMORANDUM FOR THE PRESIDENT

FROM: JACK WATSON

Electrostatic Copy Made
for Preservation Purposes

SUBJECT: Meeting with Jay Solomon
Thursday, October 6, 1977
1:30-1:40 p.m. Oval Office

Jay has four subjects he would like to discuss with you.

1. Appointment of GSA-Regional Administrators

Jay has forwarded through OMB a proposed Executive Order to give the Administrator of GSA the authority to appoint Regional Administrators on a non-career basis. He requested this authority in order:

- o to ensure that Regional Administrators are responsive and sensitive to Administration policy; and
- o to include in the selection process minority and female candidates who would not otherwise be eligible for consideration.

Presently, the regional administrators of HEW, HUD, DOT, DOL, EPA and SBA are non-career appointees.

Jay originally requested this change of the Civil Service Commission but was refused with the explanation that he should await the outcome of the reorganization project. Jay believes that process will take too long. Furthermore, he believes this to be an excellent time to make such a change since three of those positions are vacant and others soon will be.

2. Base Closings/Property Transfers

State and local governments have been critical of GSA for lack of speed in transferring real property made available through military base closures. (Members of my staff have been working with OMB, GSA and DOD to develop various administrative ways to expedite the real property screening and transfer process, and we are making excellent progress.)

3. Demand for Office Space -- Washington, D.C. Area

Demand for office space in the metropolitan Washington continues to grow. Pending office space requests now exceed 890,000 square feet, with requests for 440,000 square feet considered to be in the "urgent" classification. These numbers do not include the 1,200,000 square feet which will be required to house the Department of Energy (600,000) and the Nuclear Regulatory Commission (600,000).

Because of this situation it will be difficult, if not impossible, to achieve an early relocation of Department of Defense employees from the Forrestal Building so that it may be used to house the headquarters staff of the Department of Energy.

After considering the options of new Federal construction and the relocation of agencies outside of Washington, Jay has concluded that the best approach is to request leased space in the private market. Such leased space would be available within eighteen months, would avoid a substantial FY 78 outlay, and would be least disruptive to agency missions. The cost of this alternative is estimated at \$14-16 million annually. A problem with this solution is Congressional opposition to long-term leasing of government facilities.

4. Forrestal Building -- Progress Report

The first group of 1,000 employees will be moved from the Forrestal Building on November 1, 1977. The first transfers of DOE employees into the Forrestal Building will be on December 1.

The movement of DOD personnel into leased space must receive concurrence from both House and Senate Armed Service Committees. We have concurrence from the House and are awaiting it from the Senate.

The balance of 4,400 DOD employees will be moved to buildings to be privately constructed and then leased in Virginia by mid-1979, with DOE occupying the Forrestal Building from October 1979 through April 1980. Both House and Senate Public Works Committees must approve these leases.

THE PRESIDENT HAS SEEN.

THE WHITE HOUSE

WASHINGTON

October 5, 1977

Mr. President:

Attached is a copy of a letter which I signed to the Chairman of the Nuclear Regulatory Commission. It was cleared with Schlesinger, Brzezinski, and the State Department's Ad Hoc Group on Non-proliferation. The reasons I signed it, rather than Jim Schlesinger, is the sensitivity of the independence of the NRC from the Department of Energy. Even though the letter is a direct reply to a request for our views, Jim preferred that I sign it.

It was important to get the letter out quickly since the Justice Department will be filing a brief on Monday expressing its views on a case dealing with interim licenses for reprocessing facilities. This letter will provide Justice as well as the NRC with a clear statement of our position on interim licensing as it relates to our non-proliferation policies.

A handwritten signature in dark ink, appearing to be 'Stu' with a stylized flourish at the end.

Stu

C

October 4, 1977

Dear Chairman Hendrie:

On May 5, 1977, your predecessor asked for the President's views on the relationship between the Administration's non-proliferation and nuclear energy policies and the issues now before the Nuclear Regulatory Commission. Of particular concern are the proceedings related to the Generic Environmental Statement on Mixed Oxide Fuel (GESMO), the review of plutonium recycle-related license applications, and interim licensing.

The President believes that our goal of stopping the spread of nuclear weapons capability among non-weapons states can be significantly improved by a halt in purex reprocessing. Last April 7, he stated that the U.S. should "defer indefinitely the commercial reprocessing and recycling of the plutonium produced in U.S. nuclear power programs". The Administration has proposed an accelerated research and development program to examine alternative fuel cycles not involving direct access to plutonium. The President has also asked other countries to join us in an International Nuclear Fuel Cycle Evaluation to examine alternative approaches to advanced nuclear technologies.

The GESMO proceedings and related licensing requests may impact these non-proliferation initiatives. While the studies and analyses done by the Commission staff, if available in published form, may be of value to the International Nuclear Fuel Cycle Evaluation, the President believes that his non-proliferation initiatives would be assisted both domestically and internationally if the Commission were to terminate the GESMO proceedings.

Specifically, the President believes that the following actions would be helpful in achieving the Administration's goals:

- Publication of the Commission's assessment of safeguards issues.
- Termination of staff reviews and hearings relating to recycle activities. (Continuation of these activities could lead other nations to question the United States commitment to deter commercial reprocessing and plutonium recycle.)

- Denial of interim licensing of fuel cycle facilities
- Denial of interim licensing for use of mixed oxide fuel in reactors, except in small quantities for experimental purposes.

If I can be of further help in clarifying the President's position on these matters please let me know.

Sincerely,



Stuart E. Eizenstat
Assistant to the President
For Domestic Affairs and Policy

Dr. Joseph M. Hendrie
Chairman
U.S. Nuclear Regulatory Commission
Washington, D.C. 20555

THE WHITE HOUSE
WASHINGTON

October 6, 1977

Jody Powell

The attached was returned in
the President's outbox. It is
forwarded to you for your
information.

Rick Hutcheson

RE: SEPTEMBER WHOLESALE PRICE
INDEX

EYES ONLY

THE WHITE HOUSE
WASHINGTON

eyes only

<input type="checkbox"/>	FOR STAFFING
<input type="checkbox"/>	FOR INFORMATION
<input checked="" type="checkbox"/>	FROM PRESIDENT'S OUTBOX
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ACTION	FYI	
<input type="checkbox"/>	<input type="checkbox"/>	MONDALE
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<input type="checkbox"/>	<input type="checkbox"/>	McINTYRE
<input type="checkbox"/>	<input type="checkbox"/>	SCHULTZE

<input type="checkbox"/>	ENROLLED BILL
<input type="checkbox"/>	AGENCY REPORT
<input type="checkbox"/>	CAB DECISION
<input type="checkbox"/>	EXECUTIVE ORDER
Comments due to Carp/Huron within 48 hours; due to Staff Secretary next day	

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THE PRESIDENT HAS SEEN.
THE CHAIRMAN OF THE
COUNCIL OF ECONOMIC ADVISERS
WASHINGTON

C
/

EYES ONLY

October 5, 1977

MEMORANDUM FOR THE PRESIDENT

FROM: Charlie Schultze ^{C/S}
SUBJECT: September Wholesale Price Index

Tomorrow morning (Thursday, October 6) at 9:00 a.m., the Bureau of Labor Statistics releases the September WPI.

Wholesale prices were up by 0.5 percent in September. The following table summarizes the essential data:

	<u>Percentage increase in WPI</u> <u>August to September</u>
All commodities	0.5
Farm products	-0.2
Processed food	-0.6
Industrials	0.8
Industrials except energy	0.6

Farm and food prices were down, but much less than in prior months. Large increases in lumber and related products, in other building materials, and in fuel and power costs pushed up industrial prices. In September these special factors raised the rate of increase in industrial prices above what we think is the long-term trend, just as in some prior months special factors held the increases below that trend.

(On Friday we will get relatively good news on the unemployment front. I will have a memo to you tomorrow.)

**Electrostatic Copy Made
for Preservation Purposes**

THE WHITE HOUSE
WASHINGTON

October 6, 1977

Charles Schultze

The attached was returned in
the President's outbox. It is
forwarded to you for appropriate
handling.

Rick Hutcheson

RE: COWPS STEEL REPORT

THE WHITE HOUSE
WASHINGTON

	FOR STAFFING
	FOR INFORMATION
/	FROM PRESIDENT'S OUTBOX
	LOG IN/TO PRESIDENT TODAY
	IMMEDIATE TURNAROUND

ACTION
FYI

	MONDALE
	COSTANZA
	EIZENSTAT
	JORDAN
	LIPSHUTZ
	MOORE
	POWELL
	WATSON
/	LANCE
	SCHULTZE

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	Comments due to Carp/Huron within 48 hours; due to Staff Secretary next day

	ARAGON
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	JAGODA
	KING

	KRAFT
	LINDER
	MITCHELL
	MOE
	PETERSON
	PETTIGREW
	POSTON
	PRESS
	SCHLESINGER
	SCHNEIDERS
	STRAUSS
	VOORDE
	WARREN

THE PRESIDENT HAS SEEN.

THE CHAIRMAN OF THE
COUNCIL OF ECONOMIC ADVISERS
WASHINGTON

Charlie
J

October 6, 1977

MEMORANDUM FOR THE PRESIDENT

From: Charlie Schultze *CLS*

Subject: COWPS Steel Report

The report on conditions in the American steel industry by the Council on Wage and Price Stability will be delivered to you this morning. The report has been prepared by the Staff of the Council and does not necessarily reflect the views of the members of the Council.

The report is factual and analytical. Since you have directed an interagency Task Force to develop for you recommendations on policies toward the steel industry, this report makes no proposals for Administration actions. As I indicated to you last week, I have tried to insure that the report is diplomatically written. But industry, labor and Congressional groups will almost certainly be upset by some of the particular conclusions it reaches.

I recommend that you ⁷ release the report to the public as soon as possible. The Council staff has made arrangements to provide copies to the press for release on Friday afternoon.

Approve ✓

Disapprove _____

ok for
COWPS release

I also suggest that you transmit this report to Treasury Undersecretary Solomon for the use of his Task Force in formulating the Administration's policies toward the steel industry. If you approve, a letter to me acknowledging receipt of the report and a letter transmitting a copy to Undersecretary Solomon will be provided for your signature when you receive the COWPS report.

Approve ✓

Disapprove _____

J

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C

FINDINGS OF THE REPORT

The Council staff points out that the steel industry faces three distinct problems at the present time. The industry is highly vulnerable to fluctuations in general economic conditions, and has not recovered fully from the 1974-75 recession. In addition, the industry suffers from a weak competitive position in world markets. Moreover, very large cost increases have made the industry a source of serious inflationary pressure. These problems are not new. Steel has been a problem sector of the economy for nearly two decades. To illustrate:

- Current capacity utilization rates in the industry are near 80 percent, compared to a peak of 97 percent in 1973. Profit rates are less than half of 1974 peak levels.
- The U.S. balance of trade in steel has shifted. In 1955, the U.S. exported more steel than it imported; today imports are supplying nearly 18 percent of domestic requirements and our exports of steel are negligible.
- Finished steel prices have risen 79 percent since the end of 1972. By contrast, other industrial prices rose only 55 percent. The more rapid pace of steel price increases constitutes a major inflationary problem.

Several specific conclusions in the report are relevant to decisions you will need to make soon on Administration policies toward the steel industry:

The sharp rise in steel prices has been the result of major cost increases for most steel inputs -- coal, iron ore, steel scrap and labor. Labor cost increases, in steelmaking itself, and in coal and iron ore mining have been very large.

- Since 1972, coal prices have risen 138 percent, reflecting, in part, the increased demand for high quality coking coal in other applications. Large increases in coal mining-costs reflect the combined effect of larger than average wage increases coupled with a sharp decline in labor productivity in the mines.
- Iron ore and scrap steel prices were pushed up sharply in 1973-74 by exceedingly strong world steel demand, and did not recede. Since that time, production costs have risen by more than ten percent annually as a result of large increases

in energy and labor costs, a decline in the quality of ore being used, sharply higher capital equipment costs, and increased freight rates.

- Wages and fringe benefits in the steel industry have increased by 66 percent since 1973. By contrast, wages and fringes in manufacturing generally have risen by 42 percent since 1973. The 1977 steel contract will probably raise hourly compensation 30 percent more over the next three years. That settlement too, is above average increases in compensation per manhour in the economy generally.
- While steel and coal workers have long been among the most highly paid workers in American industry, their advantage over other workers has widened sharply in recent years. This has contributed to the cost pressure on steelmaking.
- Productivity of steel and coal workers, in contrast, has increased less rapidly than in the rest of the manufacturing sector.

The manner in which environmental standards are set and enforced has created a strong disincentive to modernization. The cost of meeting environmental standards currently is less of a problem than the fact that these costs will rise rapidly in the near future. In addition, the way in which standards are set imposes great uncertainty on the industry.

- The current costs of meeting environmental standards are estimated at about \$8 per ton of steel (about 2.5 percent). However, in the next few years the costs may rise to the range of \$18 to \$33 per ton (5-10 percent of production costs).
- The industry faces significant uncertainties about the specific air and water quality standards which it must meet. In most cases these involve continued negotiations with State and Federal regulators on a plant-by-plant basis.
- The absence of firm predictable standards results in a situation where modern plants are subject to more severe standards than for old plants. This process penalizes those firms which attempt modernization.

Costs of producing steel in the United States are significantly higher than in Japan, but not very different from Europe.

- Production costs in Japan currently are 15 to 20 percent below those of the United States, while costs in Europe are comparable to U.S. costs.
- The Japanese obtain a cost advantage from their ability to construct steelmaking facilities at costs substantially below those of the United States.
- Wages of Japanese steel workers have risen even more rapidly than those of U.S. workers, but Japanese labor costs currently are still about half of the level in the United States. Moreover, the faster growth of wage rates over the last decade in Japan has been offset by a much higher rate of productivity improvement than in the U.S.
- The combination of Japanese production costs, costs of transporting finished goods, and import duties suggests that the Japanese can sell an average mix of products in the U.S. at costs that are approximately five percent below those of U.S. producers. Present discounts of as much as 10 to 20 percent below U.S. prices probably can't be sustained in the long run.
- A similar comparison for European producers yields costs that are substantially above those of domestic producers.

Recent changes in the competitive position of the U.S. steel industry reflect several partially offsetting factors.

- Since 1957, the discovery of new sources of raw materials around the globe, combined with substantial improvements in the efficiency of ocean transport, has eliminated the advantage in raw materials costs formerly enjoyed by the United States.
- Devaluations of the dollar in 1971 and 1973 temporarily reversed what had earlier been a growing share of imports in domestic consumption. Since that time, however, the share of imports has resumed its rise.

- The appearance over the past two years of worldwide excess capacity in steelmaking has sharply intensified competition for markets.
- Costs during this decade have remained relatively unchanged with respect to the Japanese. With respect to European producers, however, the competitive position of U.S. producers has improved somewhat.

Modernization of the American industry will be a difficult task.

- Complete new "greenfield" plants clearly are not economical at today's prices for finished steel. Savings from lower operating costs of new plants are not sufficient to cover the high and rising cost of constructing new facilities.
- The cost savings from modernization of existing plants are more difficult to evaluate because of wide variations in the costs and benefits of specific projects.

A reduction of imports to historical levels through tariffs or quotas would not significantly improve the domestic industry's economic position unless this led to an increase in prices relative to costs.

- Even if domestic production rose to fully compensate for the reduction in imports, the percentage impact on domestic output and employment would be small.
- The financial position of the industry would be strengthened only if the reduced import competition allowed them to increase prices.

In summary, no single factor can be identified as responsible for the industry's difficulties, and no single action by the government, the companies or the workers can solve them. In formulating the Administration's response to the steel industry's problems, we should take account of this fact.

C

THE WHITE HOUSE
WASHINGTON

October 6, 1977

The Vice President
Stu Eizenstat
Frank Moore
Jody Powell
Jack Watson
Landon Butler

The attached will be submitted to the President. This copy is forwarded to you for your information.

Rick Hutcheson

RE: COWPS STEEL REPORT